THE FULLCOVER

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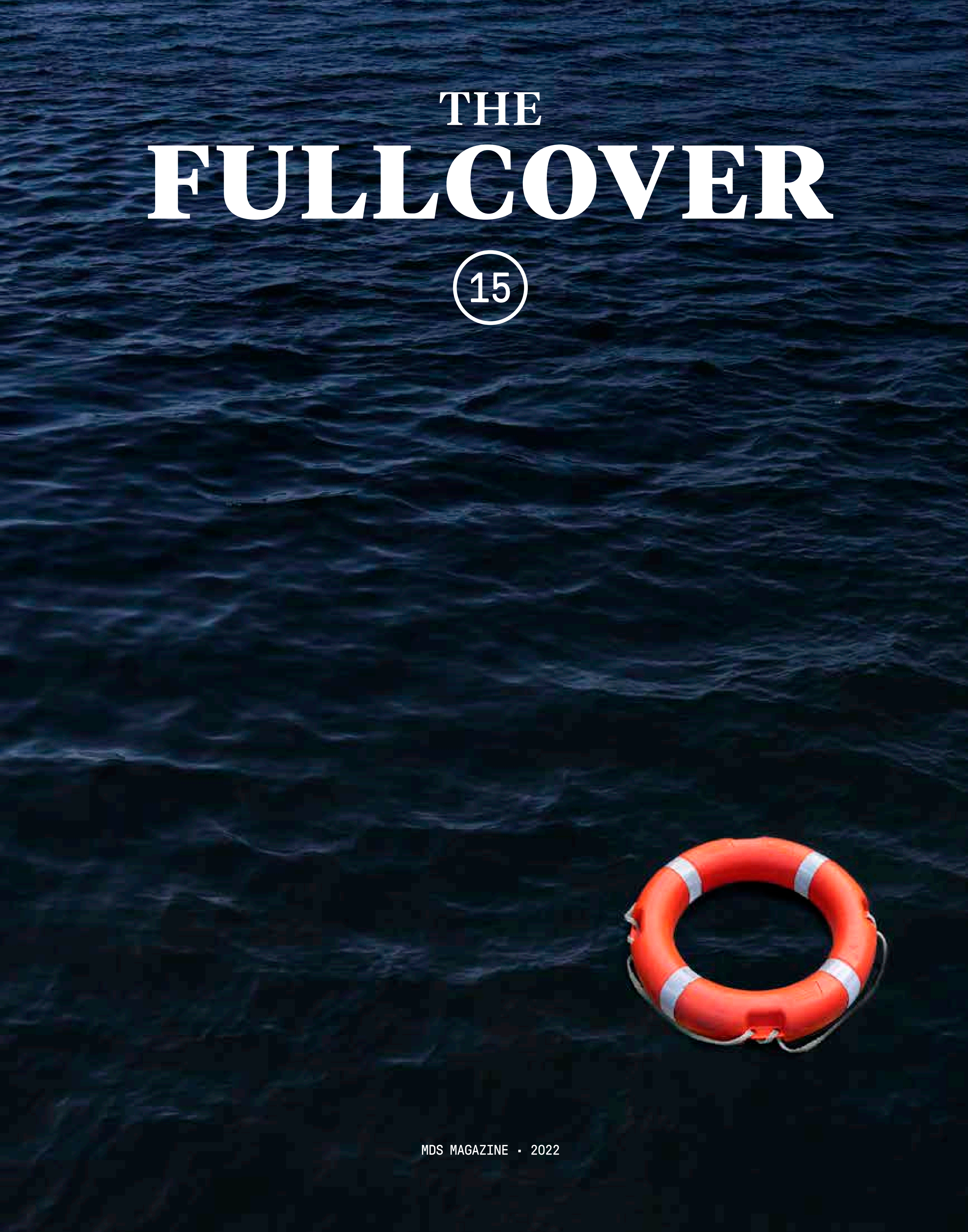

MDS MAGAZINE · 2022

Editorial

José Manuel Fonseca
MDS Group CEO

The sea. The boundless, terrifying, magnificent, mysterious sea of pirates and buccaneers, scary monsters, and seductive sirens; the unknown vast ocean of the Portuguese intrepid navigators of the 15th century, who dared go beyond all that was known and return as conquerors. The sea of today, an open communication route across different nations, the home of inexhaustible resources but also the victim of mankind's greed, aggression, and climate change.

In this edition of FULLCOVER the sea will envelop you, beginning with the cover. In our new dossier we will take you on a journey through the past, present and future of marine and transport insurance and its logistics. From the history of marine insurance through to current developments and what they mean for world trade; how a stranded ship blocked the world's supply chain to reflections on the scourge of piracy and maritime security; from pollution covers to the use of renewable energy in transport, not forgetting how new technologies are impacting a centuries-old reality, and its adaptation to these new, challenging times.

FULLCOVER 15, however, has much more in store for you. Like the interview with David Ross, CEO of The Ardonagh Group, the UK's largest independent broking group and a top 20 global broker. It expanded in 2021 through acquisitions in the US and Australia, ending the year with the agreement to buy the MDS Group, an operation I strongly believe will have a deep and positive impact on our organisation, marking the beginning of a new era, motivating, and inspiring us to go further together. We'll get to know David Ross personally and as a professional and learn about the group he's leading, the amazing speed at which they are expanding their footprint and their plans for the future.

Other articles are certain to stir your interest, such as Bernardo Pires de Lima's geopolitical analysis, including an overview of the drivers behind the timing of Putin's shocking invasion of Ukraine, Tim Marshall's perspective on how geography impacts and explains the world we live in, the importance of client advocacy when it comes to a claim, and the increase of inequality in the wake of the pandemic. We talk to José Ramos, Member of the board of directors of Salvador Caetano Group, a longtime partner of MDS, on how a Portuguese company that began importing cars from Japan has become a specialist in moving solutions. Last but not least, we bring you three members of the Brokerslink family, from Canada, South Africa and South Korea, who tell us about their companies and countries.

And that's not all, but we'll let you navigate the magazine for yourself, in the true spirit of the sailors of long ago who "brought new worlds to the world", as one of our greatest poets wrote in his famous ode to our country's maritime discoveries.

Enjoy FULLCOVER while listening to Claude Debussy's masterpiece "La Mer" (The Sea)

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Breaking boundaries
in risk and insurance

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Title **The FULLCOVER**
Edition Number **#15**
Publisher **MDS Group**
Place of Publication **Porto**
Date of Publication **April 2022**
Circulation **3500**
Design **www.studiodobra.com**
Cover Image **Pedro Lobo**
Printing & Finishing **Lidergraf**
Sustainable Printing

Legal Deposit
374241/14
ISSN
2184-1136

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MDS GROUP
Brokerslink Partner

CEO
Ardonagh Group

David Ross

A view from the top of the hill

Following its foundation in 2017 the Ardonagh Group has grown rapidly to become one of the world's leading independent brokers. FULLCOVER talked to David Ross, Ardonagh's Group CEO about the company's incredible journey, the drivers behind its strategy, and future plans to expand into new territories and new markets.

David Ross was appointed Chief Executive Officer of The Ardonagh Group in June 2017. This represented the culmination of a two-year process by shareholders and management to create the market leading independent distribution Group in the UK. David became the CEO of Towergate, the original investment by HPS in the UK insurance intermediary industry, in November 2015 and led the business through a period of turnaround and transformation which included stabilising revenue, people, financials, infrastructure and governance. The demonstrable progress made with the Towergate transformation during 2016 and 2017 enabled the creation of The Ardonagh Group in June 2017. David advised MDP and HPS on the acquisition of the other assets required to fulfil the vision during 2015 and 2016. An Insead Alumnus, David's career has spanned 27 years on the front line of the insurance industry. This included a 25-year career at Arthur J Gallagher, latterly as the CEO of the International Division, during which time the company underwent a defining period of growth and expansion.

David Ross

Could you begin by telling us about the start of your career?

I grew up in a small farming town in the middle of Ireland. After school I went travelling for a year in Australia, before coming back home and starting a college course - fitting night school and university around work. Then I took a week's vacation in London and was completely captivated by how vibrant it was. The City was unlike anything I'd ever come across in my entire life. It was like listening to rock and roll for the first time, I felt completely liberated.

I came back home again, resigned, and quit college. Everyone said I was an absolute loser but I knew it was the right thing for me.

I had a few knock backs at the beginning - and I've always sworn that no organisation I'm involved with would ever treat people the way I was treated when I first started out. It took some time but I eventually got a job as a post boy for an insurance recruitment company. I was there about six weeks when a vacancy came up for a technician in a brokerage firm called Gallagher. The guy that interviewed me was called Alistair Robertson, and he was the first significant sort of role model I had in my career. He asked me what I wanted and I said, I wanted to be the youngest director in the history of the company – and he didn't laugh. He helped me.

He was my first realization that you have to work for someone you like and trust. If you like them and trust them then you can give yourself to that person. It follows that as a leader and colleague you have to make sure you become likable and trustworthy.

How did your career develop after that?

I was a broker trainee. In the industry at the time, you didn't need a degree - you got on-the-job training. After two or three years of being put through your paces in a business you were trusted to go on and develop your clients. It was an amazing time.

My first big break came in 1991 when I was given a US workers comp account to sub-broke. We made $100,000 and it was the biggest new account we had written that year.

I became a divisional director at the age of 23. At that point I thought I'd be celebrating meeting my ambition to be the youngest director in the company's history, but I felt unfulfilled. I realized I had been aiming for the wrong thing and what I really wanted was to be a great leader like Alastair.

I was put in charge of US A&H in the North American division at 26. We had a good run and doubled the division in size a couple of times over the next few years.

At 33 I was put in charge of global wholesale and at 35 I became CEO of International. The mission for the team was to take a US-centric business and essentially use that platform to build an international business from scratch. It came down to having a great team, spotting an opportunity, having a good plan and then executing it. The division grew from around $100 million in revenue to $1 billion.

You left an international business in Gallagher and joined a smaller, UK regional business, Towergate, in 2015. What opportunity did you see there and why did you choose Towergate?

Having been at Gallagher for 25 years, I was very familiar with the publicly traded businesses but I was also very familiar with the scale of the private ones. I was fascinated by how many US private companies had survived the financial crash and gone on to become very large businesses in their own right, yet somehow all the UK large private firms were acquired by large public firms.

Towergate was the last scalable private platform left in our market and it felt like the perfect launchpad to use to fill a gap that looked very obvious. It was ten times bigger than the next independent broker in the marketplace. For all its flaws it was actually perfect.

In the 2000s private equity had an important role in building businesses, but the inevitable outcome was that those businesses were either sold to a big company or went public. Now the private marketplace has become so deep in terms of capital that the narrative has changed. Private firms can control their destinies just so long as they have a great plan and can execute.

Businesses that are private in the US are as big as the public companies were only a decade ago, and there's no sign of them going public. They don't need to. There is access to capital regardless of size.

I made a dedicated effort to be introduced to investors around the financial markets and talk to them about the idea of what could be done if you had the right team backing the right asset.

Scot French from HPS Investment Partners, which became Towergate's largest shareholder, was one of the people I met. He and I went on a bit of a journey together.

We said, all right - let's start by fixing it, but let's also assemble all the complementary assets over a two-year period to create a truly unique portfolio of firms where culture and entrepreneurial spirit was retained and harnessed. And when the time is right, let's bring them together and unveil this 800-pound gorilla in the world that no one saw coming.

And that's pretty much what we did.

What happened between you joining Towergate and the launch of Ardonagh in 2017?

Towergate was a UK regional insurance business that had suffered from having made 300 acquisitions but not actually integrating them. To give you an idea of what that looked like on the ground, there were over 1,000 different bank accounts across the company and more than 150 different front end broking systems. There was no central record of our clients.

But what it did have was £300 million worth of income. And it had an incredible group of people who had stayed with the company out of loyalty to each other and loyalty to their clients. We used to say it was broken it all the right places, because you can work very hard to win the trust of the workforce and on transformational IT projects, but you cannot create scale and specialism from nothing.

So, we embarked on a massive project to essentially fix Towergate. And at the same time we were working on a plan to accumulate companies that would complement an integrated Towergate in the Personal Lines and Specialty space, always working towards an end state of then launching a supergroup – but one with a twist.

In 2017 our shareholders brought together Towergate with international wholesale broker Price Forbes, underwriting, administration and claims specialist Ryan Direct Group, digital van broker Autonet and private medical insurance broker Chase Templeton. Ardonagh was launched with 5,000 people and $3.5+ billion GWP.

What does Ardonagh look like now?

We're now one of the largest private companies in the United Kingdom. We're incredibly diverse - we do everything from allowing people to go online and buy insurance for a dog or a car all the way through to spaceships and airlines. We trade all over the world with over $14bn premium flowing through the group and within the networks we own, and over 5 million clients. With MDS on board we will be 10,000 people strong.

What's more is that we're not as slow or ponderous as our size might suggest. We lean into the individuality of the businesses that come under our banner. We operate as a community of chief executives working towards a common goal from very different angles.

“We’re now one of the largest private companies in the United Kingdom. We're incredibly diverse – we do everything from allowing people to go online and buy insurance for a dog or a car all the way through to spaceships and airlines. We trade all over the world with over $14bn premium flowing through the group and within the networks we own, and over 5 million clients.”

The Sevenoaks office in the UK goes green for Give Back Day in 2019

Tell us more about that twist.

When I knew I was going to leave Gallagher, the question became not only about where I would go, but actually where would I go that I would be happy to work in if I wasn't in charge of it.

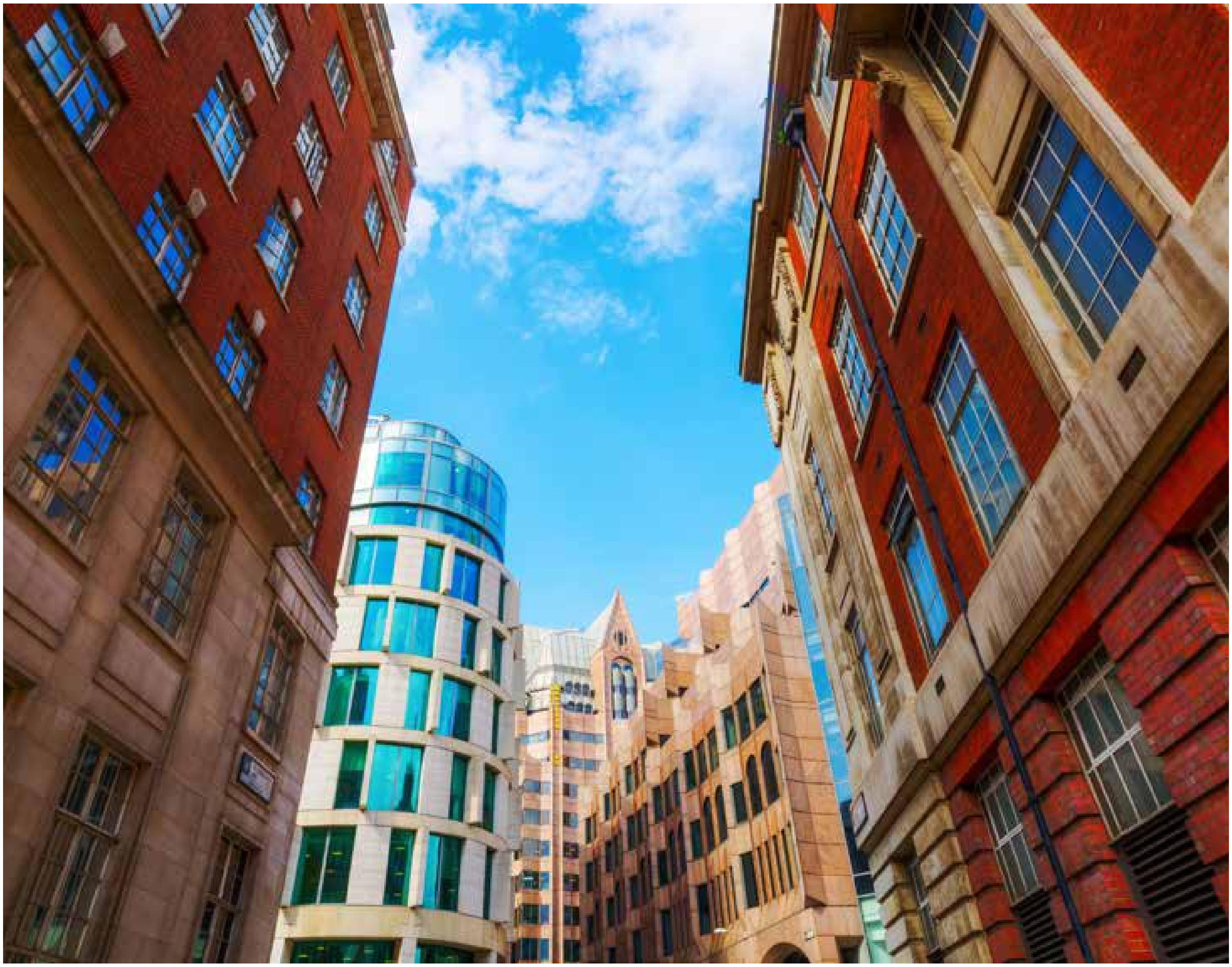
So we decided very quickly that we needed to create a group of culturally aligned and culturally integrated businesses, but not operationally integrated. It's a very complicated thing to achieve because we have to move as one, but allow the different platforms to trade individually. It comes down to creating an environment where individuality and innovation can thrive, and there is cross-group collaboration to amplify the best of our collective experience and insight.

Where did the name Ardonagh come from?

Ardonagh is Celtic and it means a view from the top of the hill.

Pat Ryan, who built Aon, told me once that the Americans and the British both have a common issue. They travel everywhere in the world but don't realize that they're not always welcome - but the Irish are welcomed everywhere. Aon had a real differentiator with its Irish name, because they were able to play on their Celtic roots. So we followed Pat's lead, and Ardonagh was the name of a place just outside my hometown. Everybody liked the look and feel of it. It has certainly helped us decouple the Group from feeling like an American company or a British company.

Minster Court, London - Ardonagh Group's head office



How do you identify and foster cultural alignment without falling into groupthink?

The simple truth is that you're not going to find someone in Portugal, who thinks and acts exactly the same as somebody in Dublin - and as somebody else in Stoke-on-Trent. Nor would you want that.

You have to realise what works in which industry, and what works in which market. At its heart it comes down to people who are aligned philosophically in what good looks and feels like. Then you use that as the barrier to entry for anyone who wants to join the company.

You have to take the best of everybody and make sure it's as common as possible in terms of behaviours, philosophies, and client focus - and then create a way for that goodness to permeate through the business.

> "MDS is an absolutely essential part of our international strategy. The company has 38 years of experience, of which more than twenty under the leadership of José Manuel Fonseca. This means they have quite a head start on us in the territories in which MDS operates - and in our world that is an eternity."

Ardonagh Global Partners launched in 2021 with acquisitions in the US and in Australia, and it ended the year with the agreement to buy MDS, its largest deal by far. What attracted you to MDS?

MDS is an absolutely essential part of our international strategy. The company has 38 years of experience, of which more than twenty under the leadership of José Manuel Fonseca. This means they have quite a head start on us in the territories in which MDS operates – and in our world that is an eternity.

What we have to do is defer to their superior knowledge and intertwine everything that's special about our business and with everything that is special about MDS and then go and really maximise our potential together. The reaction from the market to that union has been really fantastic.

Can you give us some insight into your conversations in the run up to the deal?

When you buy a company you're really buying the people – and it only works if those people want to be bought by you. We often say when we're doing a deal that it's not us buying you, it's you buying us. MDS made it clear that we were their preferred buyer and that is more valuable to us than paying less for a demotivated team.

I remember visiting the MDS office in Porto and talking to the team about what they were looking for from a partner. What Ardonagh brings to the table is a very good reputation around the insurance market and an enormous amount of buying power and placement power, which actually goes to better serve clients' needs. It was incredibly gratifying to see how MDS already understood that being part of a stable group with $14 billion in premium changes the narrative for them when they are interacting with carriers.

We often talk about the fact that if you poke one of our team in the eye, the entire family shows up for a conversation. Every insurance company knows that's how we work. That means MDS is now negotiating with the entire firepower and placement power of Ardonagh behind them.

One of the characteristics of Ardonagh Group's M&A execution has been that we've seen parts of the group leading their own deals. Can we expect MDS to increase its M&A activity in the same way?

Joining Ardonagh absolutely gives them more firepower and building our global presence is a shared priority.

For any business who finds themselves at a crossroads we want to be the partner who can come in with a market-leading and unique offering, sharing equity and allowing you to retain everything that made you special in the first place.

If you look at the Ardonagh environment it's really an accumulation of MDS-like businesses that are all supremely good at what they do.

We see the Brokerslink connectivity as an essential tool in terms of creating that first conversation with people.

David Ross buys a cupcake from the 'tea trolley ladies' at Towergate's Caring Professions office in Stevenage, UK as part of Ardonagh's Give Back Day in 2018

How does that delicate balance of cultural alignment and operational decentralization manifest in your M&A strategy?

We're very, very selective about the deals we do. We're only really interested in partnering up with people who are genuinely interested in having a partner - and in getting to where they want to go faster with our support.

If it's all about just simply getting deals done and getting bigger, well, then frankly, you lose all of your essence as a business because you're no longer trying to build anything special, you're just trying to build something big. And being big doesn't mean you're good.

How do you keep a company of Ardonagh's scale and breadth connected?

There are a few things we do for our people. One of the better things to come out of lockdown was the return of Radio Ardonagh, something we had run as a one-off for one of our charity days. We broadcast frequently, keeping everyone connected while we all worked from home. It proved far more popular than we could have imagined, with 85% of the company tuning in on the first day, connecting in the chat function and dedicating songs to colleagues.

We still have regular shows to celebrate special occasions like Mental Health Awareness Week, Pride Month, and our own Give Back Day. Across the three events where we've broadcast live, €420,000 – including match funding from Ardonagh Community Trust - has been raised for around 140 local charities chosen by our colleagues.

We host our annual Spotlight Awards recognition event, where colleagues nominate each other and I can't wait to get back to having hundreds of people together in a room for that soon.

Our challenge now is to make sure all of that goes global, and feels like it belongs to all parts of the group. We need to work on how we facilitate the forging of individual relationships across time zones. Could we, for instance, develop a mobility structure within the group for somebody in Portugal or Brazil to go to Australia for a year and learn about that business - or to work in London for six months? It's our responsibility to answer yes to that.

“It comes down to creating an environment where individuality and innovation can thrive, and there is cross-group collaboration to amplify the best of our collective experience and insight.”

What was the driver of the $500m acquisition of BGC’s insurance business, including Brokerslink members Ed Broking and Piiq Risk Partners?

It was a deal that was really a coming together of equals, and of brands that are very complementary to each other. It meant Besso Insurance, Ed Broking, and Piiq Risk Partners joined Bishopsgate, Compass London Markets, and Price Forbes, to form what is now the largest independent specialty broker in the London market with offices across the globe.

Ardonagh Specialty and Capital now has a combined $450m revenue, placing over $5bn GWP on behalf of clients with offices in France, Germany, Turkey, the UAE, Singapore, Malaysia, Hong Kong, China, Australia, South Africa, Chile, Brazil, the USA and Bermuda.

The next piece for us is building out Inver Re as a real challenger in reinsurance, under Steve Hearn’s guidance, and leveraging infrastructure around digital trading and placement, access to data and analytical capabilities.

In December Ardonagh announced investment from existing shareholders Madison Dearborn Partners and HPS Investment Partners and co-investors including the Abu Dhabi Investment Authority, valuing Ardonagh at $7.5 billion. Could you tell us about that investment and what it means for the Group?

December's announcement was an absolutely categoric commitment that our model works and is here to stay.

Investment at that valuation is not only a huge statement as to what we have achieved, but it also takes the conversation about ownership off the table. This is a management team that's committed to staying private for a very long time, with long-term private backers who've been with us since the beginning being joined by the fourth largest sovereign wealth fund in the world.

It means that when you welcome MDS into the organisation, you're empowering them to continue that story of independence. It means their staff can come to work knowing they're part of a group that does what they do for a living. That harmony, buying power and mentality can course through the business without any distractions of whether their buyer will become a seller.

What's the next frontier for Ardonagh?

Investing in our data strategy is something that cuts across the whole business. After years of work the Specialty placement team now have a panel of Lloyd's syndicates who will follow Lloyd's leaders for several classes of business within Price Forbes. About $600 million of client premium is in scope and that's something we will look to broaden across the wider Ardonagh Specialty landscape in the months ahead. Equally we will continue to build our proprietary digital placement capabilities for clients.

Last Summer we secured support from the Irish government to open a Global Data and Risk Management Centre. That will create 60 roles across data science and analysis to provide data-driven insights to clients globally, becoming a resource that the whole group can use.

What work have you done, or are you planning, in the ESG field?

The Ardonagh Accountability Framework is a gold standard in corporate governance and individual responsibility and accountability. As an organisation we've developed resources to embed mandatory training on unconscious bias, equality and diversity and embedded D&I communities with executive sponsorship throughout the Group.

Our broader work to improve the societies and communities we work with is centred around our charity, the Ardonagh Community Trust, which we launched in 2017 as a cornerstone of our shared culture and values.

Strengthening our work on the E part of ESG is a priority for 2022. We've commenced working on a roadmap to be net zero by 2030 and we're thinking through what we can do from a position of leadership. What it can't be is tick-box virtue signalling. We want to take our time to get it right.

"Ardonagh Community Trust – ACT, as it's known for short, is the thing I'm most proud of. We've raised over €1.7 million and made €1.1 million of donations, including grants to community projects nominated by our people."

London colleagues and senior leaders compete in a social netball match in 2019

Can you tell us a little more about the Ardonagh Community Trust?

ACT, as it's known for short, is the thing I'm most proud of.

We've raised over €1.7 million and made €1.1 million of donations, including grants to community projects nominated by our people. It's built playgrounds at a school for children with learning difficulties, and bought a minibus for a shelter for those fleeing domestic violence.

Last year we launched the Bright Future Prize to provide funding and support to help young people build their community-based projects.

We have an annual fundraising day - Give Back Day – which is actually my favourite day of the year. In 2021 it was celebrated globally by teams in the UK, Ireland, Australia and the US. Everyone did something in their own way. HWF Partners undertook a walking challenge to cover the distance from their London office to their Frankfurt office for Alzheimer's Research with the final mile bounced on space hoppers and at Robus Group in Gibraltar, the team scaled the Med Steps five times, for mental health charity Clubhouse Gibraltar.

Our people raised over €90,000 on a single day and we matched it as a Group to raise a total of over €180,000.

The thing I love most about ACT is that we don't make a big deal of publicizing it externally. Everyone in the company knows what it is and is incredibly supportive of the cause. But it is not and will never be a marketing tool.

> “I think the first objective is to actually be remembered! I think everyone wants to have made a positive impact in the world, and wants to know that the people whose lives they interacted with were fundamentally improved.”

Businesses around the world are navigating to what extent people should return to the office as Covid restrictions come to an end. How is Ardonagh tackling that?

I think that there will still need to be offices – a working environment functional and vibrant enough to attract young people into the City, and into the industry. But I'm not in the camp that says everybody has to get back to the office fulltime. The truth of the matter is we were dragging an awful lot of people in that could have worked from anywhere and weren't more productive for it.

There has to be a creative answer that involves hybrid working - coming in for really effective meetings, and then staying home to actually do your actions effectively. That's an exciting opportunity, because it should allow us to recruit more diversely. One example would be supporting more women to come back into the workforce, and making it easier for people to stay after starting families.

We've got a unique chance to change work-life balance for the better, and I'm not intending that Ardonagh let it slip past.

What makes you good at your job?

I think if you want to be successful, particularly in a people business - which is what insurance is - you really have to know who you are and who you're not. Because when you know who you're not you can recruit good people to fill in your gaps - and then you create an environment of collaboration and accountability where you get out of the way and let them get on with it and come back in when they need to.

I've had an amazing, amazing run where I've just been lucky enough to work with some astonishingly good people. I get out of bed every day trying to earn the right to keep the people who work for me. I'm only where I am with their permission, and I think keeping that in mind makes me better at what I do.

What inspires you as a leader?

Anything that makes me feel insignificant. I look for things everyday that will ground me. It could be seeing a view or a pyramid and that feeling of being small - or watching a rescue worker save a life.

I think if you're not looking for ways to ground yourself every day, then you really have to question whether you are worthy of being in a position of leadership. The moment you convince yourself that the whole business wouldn't function without you is the moment you really don't deserve to lead anymore.

How would you like to be remembered?

I think the first objective is to actually be remembered! I think everyone wants to have made a positive impact in the world, and wants to know that the people whose lives they interacted with were fundamentally improved.

David Ross presents Autonet's Household and Partnerships division with Team of the Year at the 2018 Spotlight Awards

Celebrating MDS joining Ardonagh Global Partners

by **Des O'Connor** CEO, Ardonagh Global Partners

Ardonagh Global Partners (AGP) is the growing global division of The Ardonagh Group – the UK's largest independent broker and a top 20 global broker. We invest in leading platforms operating in attractive markets and product verticals outside the UK and Europe. What that means in practice is that AGP brings together some of the best-in-class businesses from across the world, harnessing their entrepreneurial energy, brand success and deep relationships - and amplifying them to increase growth and impact. Each business retains its independence, but gets the resources, connections and group capabilities of Ardonagh behind it. MDS Group is the latest business to join the AGP family, in what's become a global federation of businesses with a combined revenue of over £100 million, 60 offices and over 1,100 employees within the space of a year.

A global federation

AGP already includes Resilium, Australia's largest independently owned intermediary network, Ethos Broking Australia, Hemsley Wynne Furlonge, a specialist M&A insurance broker for transaction risks, and AccuRisk Solutions – a leading independent MGU in the United States specialising in the fast growing medical-stop loss segment.

What attracted us to MDS was not just its scale and footprint across Brazil, Angola, Mozambique, Malta, Portugal and Spain – but its world class reputation for client service, innovation and professionalism that has delivered outstanding outcomes for clients over more than 30 years.

We don't just invest in platforms, we invest in people - and we instantly recognised in José Manuel Fonseca and his team an ambition and integrity that matched our AGP ethos. We put our clients first every single time, we believe in our people, and we want to remain fiercely independent.

We expressed our interest, and then shared our story with José Manuel and his core team. We knew that if the MDS team believed in what we are trying to achieve in Ardonagh then we would be able to come to a deal with the current shareholders. If we find a team that we want to work with, and who wants to work with us, then we will do everything we can to get a deal done.

Sonae and Suzano were excellent shareholders and experienced deal makers, so whilst the negotiations were robust it was a highly professional and efficient process from start to finish.

MDS and José Manuel will now have the support, resources and M&A capabilities to take their vision for growth forwards – and AGP have an amazing platform and brand that gives us a presence in new territories and new, dynamic markets.

Des O'Connor

Opportunities ahead

The Ardonagh Group does not have any investments in MDS' areas of Portugal, Brazil, Mozambique and Angola, and from that perspective means that there is no conflict of service offerings in these territories.

There is, however, a crossover of products across different parts of the Group which we see as an opportunity to bring together the best products and services to win more clients.

MDS is already a valued client of Ardonagh's London wholesale businesses Ed Broking and Price Forbes and we look forward to creating further revenue opportunities for both MDS and broader Ardonagh Group. Also other areas of MDS such as Risk Consulting Group and HighDome have excellent opportunities to offer the services to a much broader customer base.

MDS strengthens our connection with Brokerslink, together with Ed Broking and Piiq which joined Ardonagh Specialty in November. Clients need independence, choice and local expertise at scale - and that's exactly what Brokerslink can provide.

AGP is all about global strength and local delivery. We've got the scale and ability to leverage buying power and investments across a larger premium pool – and we've got top global talent joining forces to grow their businesses under our umbrella. As a whole, we are stronger than our parts - and we've got the power to really challenge the status quo.

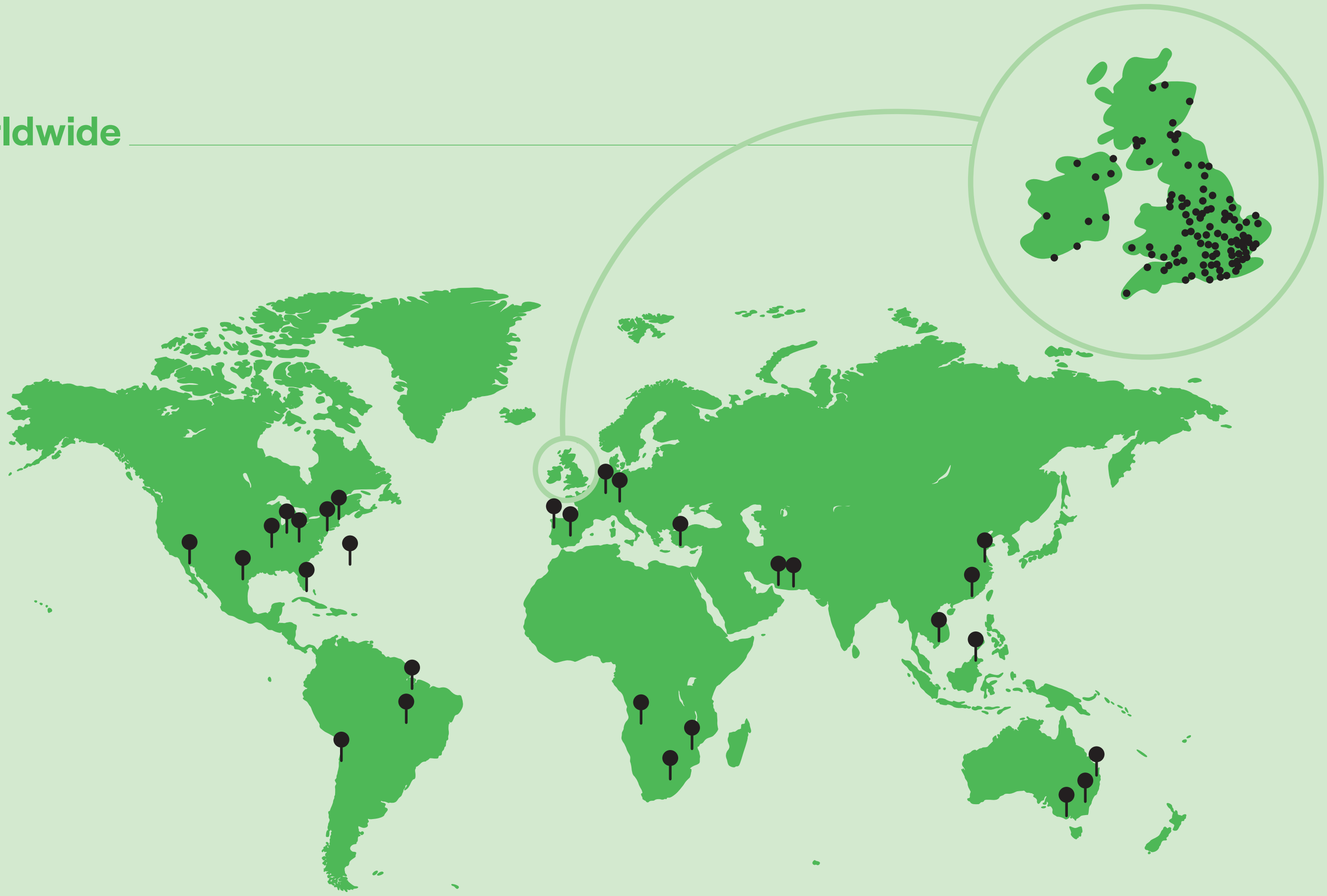
"I first got involved with Brokerslink when I joined Ed as CEO in November 2015. Attending my first annual meeting (Marrakesh) was a phenomenal defining moment. Likeminded entrepreneurs meeting to share ideas, creating mutual client opportunities with ambition to take on the very biggest in our industry. It was very powerful and I was hooked from that moment. With Ed Broking, Piiq Risk Partners and MDS now part of the Ardonagh Group, I look forward to collaborating as colleagues and to many more years of innovation and connectivity to serve Brokerslink clients."

Steve Hearn
CEO of Reinsurance and Capital, Ardonagh Specialty

The Ardonagh Group

Founded in 2007, the Ardonagh Group is the UK's largest independent insurance distribution platform and a top 20 broker globally. A meeting point-in-class entrepreneurial and specialist brands with a network of more than 100 locations and a combined workforce of more than 8,000 people, offering a highly diversified range of insurance-related products and services across the full insurance value chain in the UK, Ireland and broader international markets.

Worldwide



In numbers

$14B
Gross Written Premiums

Through the group and independent members of bravo networks

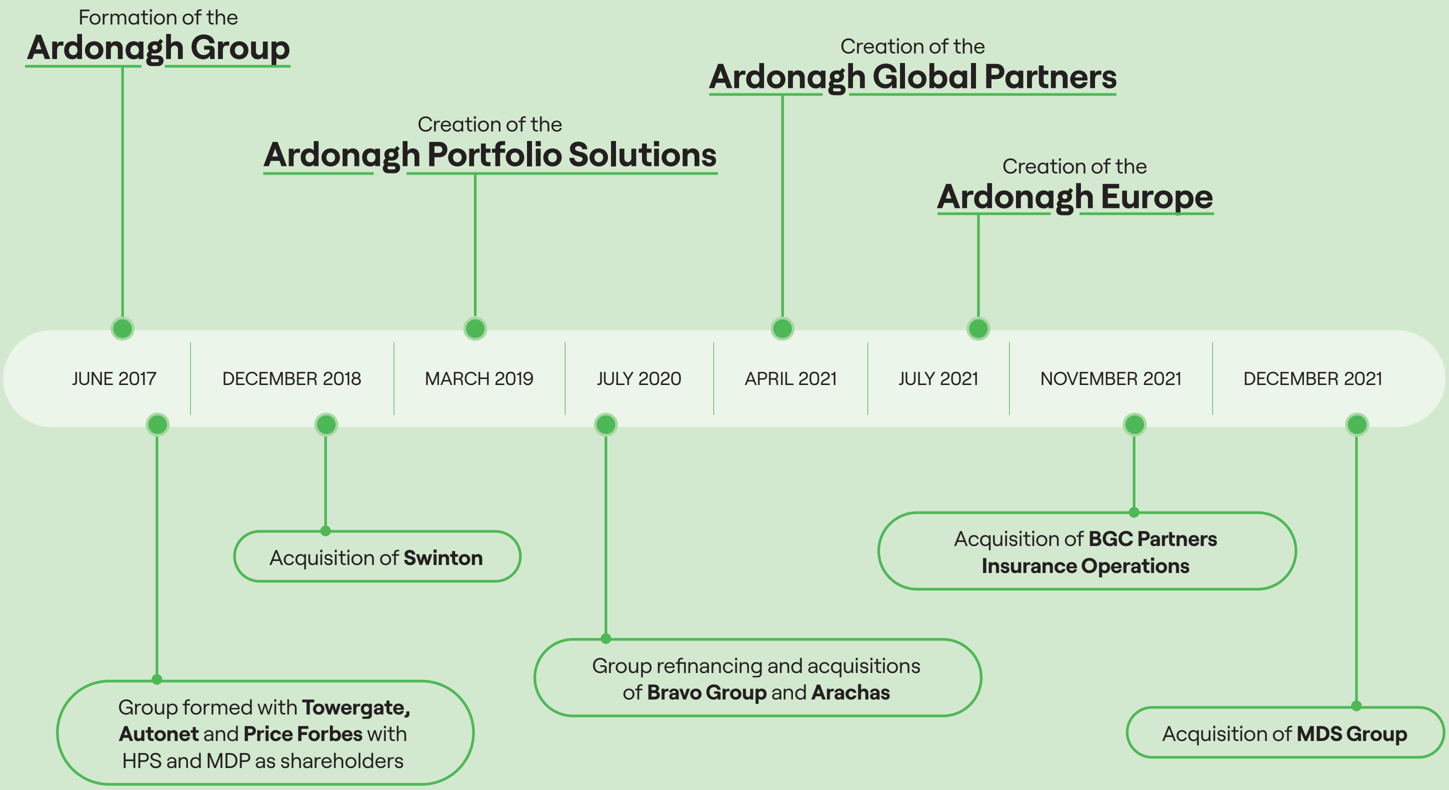
10,000
People

(Including MDS)

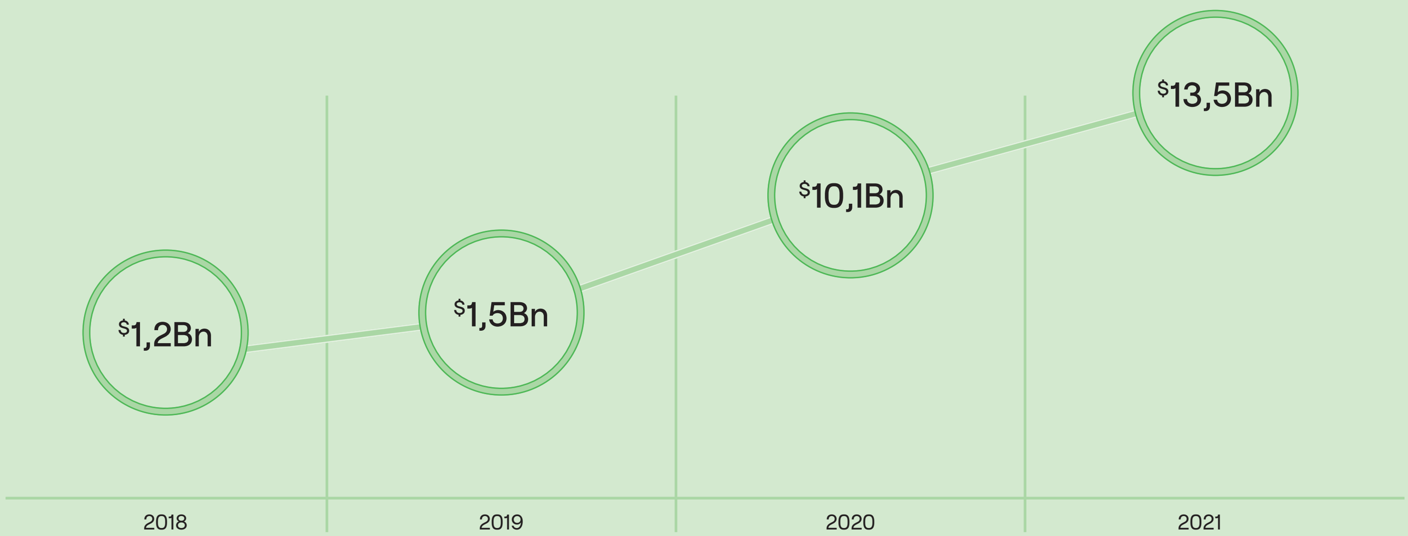
€1.7M
Raised for the Ardonagh Community Trust

+100
Offices

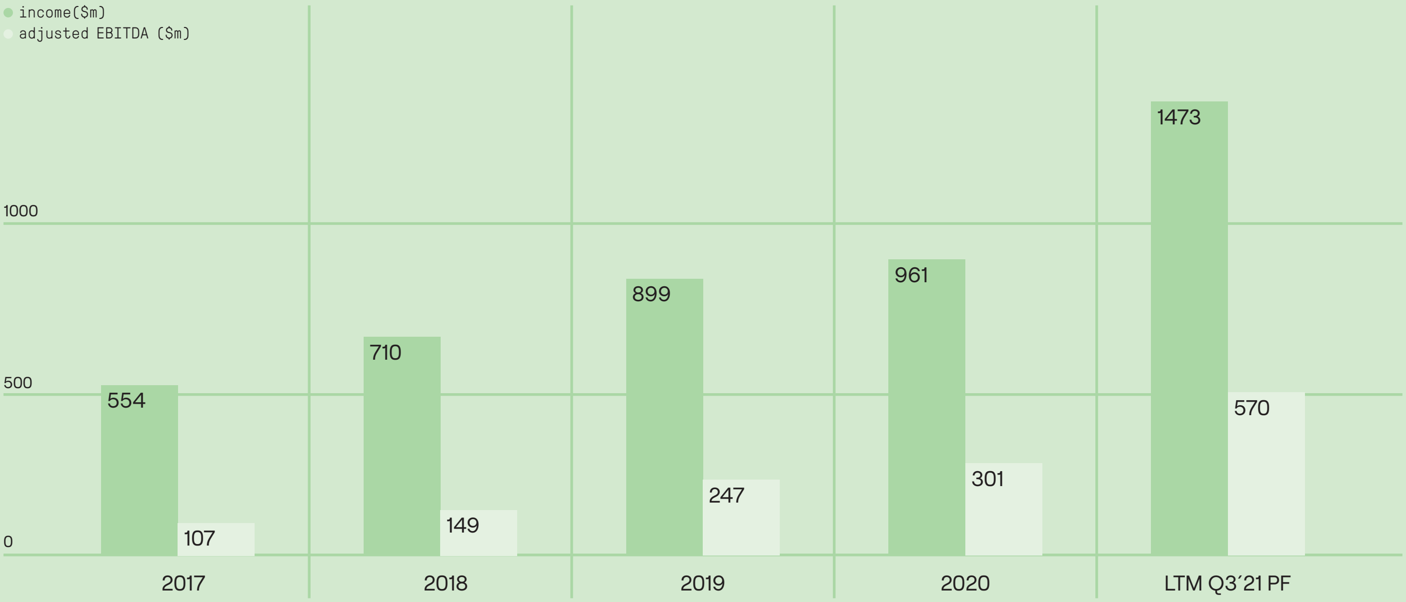
Milestones and major acquisitions



GWP has grown significantly since the Group was founded...



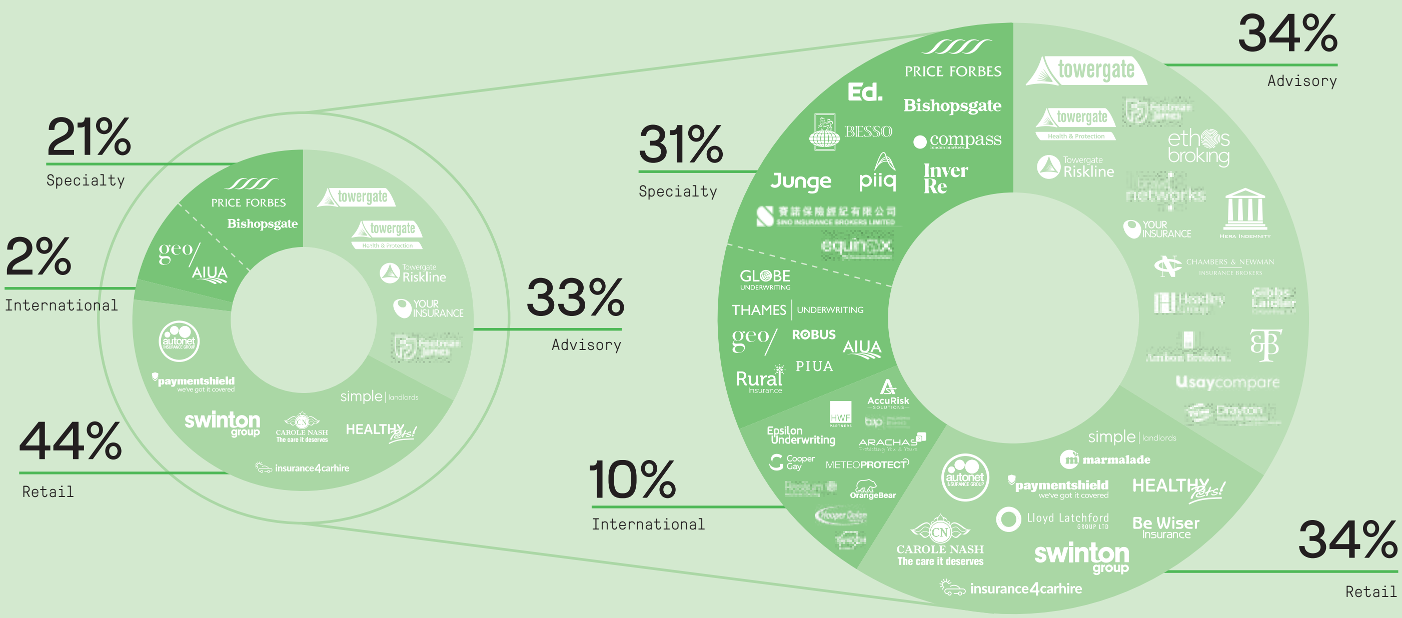
Ardonagh income and Adj. EBITDA ($m) growth since launch



Growth of Specialty and International business*

2019 income: $899m

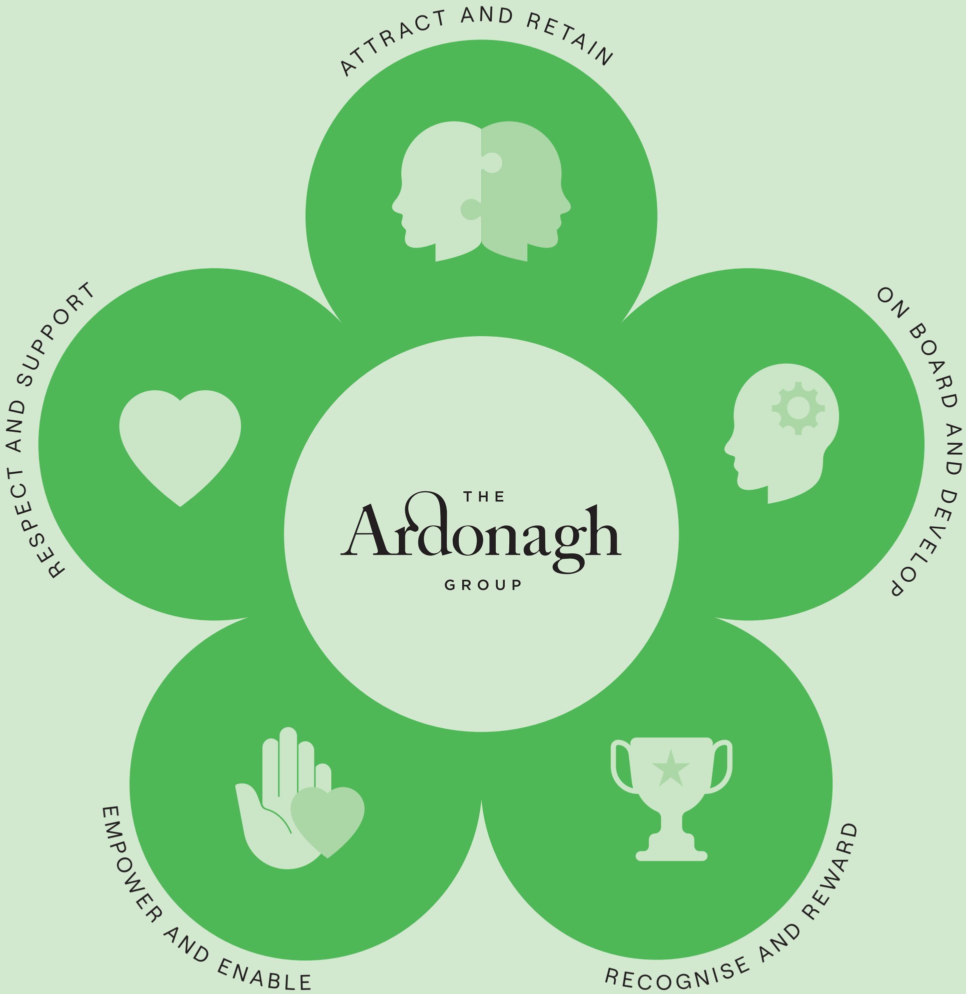
2021 income: $1,5bn[1]



* Figures for latest reported period, prior to MDS acquisition

1 Pro Forma for material acquisitions completed or contractually commited to 18 November 21

Ardonagh's People Commitment



Ardonagh is a family of like-minded, entrepreneurial businesses with a unique culture that encourages everyone to thrive

Watch the video

Awards

2018	2019	2020	2021
ED BROKING Broking Initiative of the Year, *Insurance Insider Honours*	**ARDONAGH** Best of the Best Broker Award, *British Insurance Awards*	**ARDONAGH** Insurance Broker of the Year, *British Insurance Awards*	**ATLANTA** Personal line broker of the year 2021, *UK Broker Awards* **ATLANTA** Personal line broker of the year, *Insurance Times Awards* **TOWERGATE INSURANCE BROKERS** Schemes Broker of the Year, *UK Broker Awards* **TOWERGATE HEALTH & PROTECTION** Adviser of the Year, *UK Health & Protection Awards 2021*

The Invasion of Ukraine

by **Bernardo Pires de Lima** Research Fellow IPRI NOVA University

Vladimir Putin's invasion of Ukraine on February 24, 2022 can be seen as the culmination of a long and triumphalist assessment of the West from a number of angles – all of them signalling to him that now is the right time to disrupt international order.

First of all Putin will have weighed up the effects of the Trump era, which gouged deep wounds into American society and its institutions, the spread of suspicion among Washington's allies, and factored in the vulnerability experienced by the power seated in Kyiv when the former US president put a freeze on military assistance unless Ukrainian president Zelensky helped him undermine Joe Biden's 2020 presidential run. Let us not forget this led to Trump's first impeachment trial. In a year where Trumpism will dictate success in the midterms for Republicans and the subsequent stonewalling of Biden's mandate, the timing is perfect to test Biden's appetite for a return to Europe to protect allies and partners, such as Ukraine.

Secondly, Putin undoubtedly saw the summer 2021 withdrawal from Afghanistan as the end of an era for American hegemony. He witnessed the widespread reaction describing the withdrawal as a humiliation. He will have taken note of the dissension among NATO allies and will have kept an eye on Biden's difficulties navigating a polarised congress. The AUKUS agreement, signed shortly after the fall of Kabul, would prove too difficult a wound to heal, or so he will have surmised.

Thirdly, Putin will have viewed Ukraine's 2019 constitutional amendment, under then president Petro Poroshenko, as a grievous decision. It wrote into the country's foundation laws a path to join both NATO and the European Union. Ukraine's ascent to the status of candidate country should not be delayed further than 2023.

Fourthly Putin will have followed the political, commercial, and institutional misadventures in the UK over Brexit, combined with Boris Johnson's growing difficulties with constituents and parliamentarians as a result of consecutive breaches of lockdown rules. In short, that Europe's strongest defensive power was mired in domestic scandal. At the same time, Putin knew France would soon launch into a fierce presidential campaign with three rabid Russian sympathizers running against Macron, all during a half-year where Paris would no doubt take more of an appeasing than aggressive stance, once it had come into the presidency of the Council of the European Union.

Fifthly Putin will have seen Angela Merkel, an advocate of economic ties and fuel imports from Moscow, step down. and in her place rise an untried coalition, with unexplored differences, that has yet to make a name for itself in Europe. It was also the right time to play the energy card. Prices had climbed steadily for a few months, enabling Putin to consolidate his superior position as a supplier, and bend everything and everyone to his will.

Sixth in terms of angles, is that Putin has sustained the rise of a number of loyal oligarchs in European markets. They have grown dominant footprints in real-estate property, football, banking, telecoms, oil companies and agribusinesses. These have all served a higher purpose: to patiently burrow into Western societies and undermine them, make them dependent, in a cynical game convenient to all.

Seventh: As European parties and parliaments frayed, still reeling from the great financial squeeze of 2008, and with Putin having spent years funding and indoctrinating fringe parties — and even some established ones — on the right and the left, sowing lies across media campaigns that led to outcomes like Brexit, sabotaging the French presidential election, the Netherlands referendum on a Ukraine-EU trade agreement, and no less the American presidential election, he saw his window of opportunity. Along the way, he offered positions to European politicians who had been side-lined. He courted others on active duty. He showed them all that not only was Russia back in the limelight of Western decision-making but also that no key decision would stick if it defied the Kremlin's will.

Eighth. To Putin, rising inflation, ballooning prices of raw material and power, supply chain disruptions and the beginnings of economic recovery in Europe represented inhibitory factors that would discourage Europe from antagonising Russia on the economic plane. Europe would depend on Russia for energy, and future sanctions would not go forward without a unanimous vote from the EU.

Finally, as the Winter Olympics began in Beijing in early February, Putin made a commitment to China that was unusual but extremely ambitious and provided him with meaningful support. Committing to a thirty-year supply via Kazakhstan and other pipelines in development, he ensured China need not rely as much on the unpredictable flows from the Persian Gulf and the Malacca Strait. And then, they stood jointly against NATO's eastward expansion, expressing at the same time a shared concern over the trilateral defence agreement on the Pacific that now binds the US, the UK and Australia.

Thirty years after Ukraine gained its independence, the post-Cold War is at an end.

The Russian invasion attempts to settle a dispute with History — it is the refusal to acknowledge a sovereign, free, independent Ukraine, with full territorial integrity, and no less, the denial of any right the country might have to join western organisations. In other words, if Ukrainian independence put the capstone on the dissolution of the Soviet Union, stamping out Ukraine's sovereign status would somehow bring back the Russian Empire Putin would like to rebuild.

To that end, he may not annex Ukraine, as he did the Crimean Peninsula in 2014. It may be enough to control a significant portion of its territory; predictably, the part with the most Russian speakers, the axis from Kharkiv to the border with Transnistria in Moldova; and effect regime change in Kyiv. But what for? To bring about a new vassal state in the image of Lukashenko's Belarus, ensuring total demilitarization (long-term surrender, in practice), approve a constitution defined by neutrality and erase any pretence of joining NATO or the European Union.

If Putin achieves his ends, he will bring Russia to NATO's doorstep — not pull away. And he will have done it through military might, violating international agreements and stepping over the terms that have informed European security since the fall of the Berlin Wall. It is this scenario that has brought Ukraine's identity to the world stage, which has highlighted the importance of preserving democracy and demonstrated the moral emptiness of authoritarian regimes. It has re-centred NATO in the landscape of European security, energised cohesion in the European Union, effected radical behaviour changes in some European countries, such as Germany, and advanced the geostrategic significance of places like Turkey. No less, it summons ghosts of cursed decades, the phantom of nuclear war, the levelling of cities, and a new multitude of war refugees now fleeing their homes.

It might be realistic to prepare for the worst so that we can then, creatively, and steadily, devise a path to break through the black fog that now hangs over this Europe of ours.

> **"The Russian invasion attempts to settle a dispute with History — it is the refusal to acknowledge a sovereign, free, independent Ukraine, with full territorial integrity, and no less, the denial of any right the country might have to join western organisations."**

The Atlantic and the Indo-Pacific

Oceans of War — or Peace?

by **Bernardo Pires de Lima** Research Fellow IPRI NOVA University

> **"It is on these littoral zones that demographic growth, climate change, rising sea levels, scarcity of potable water and political extremism acquire a vividly geographic face which C.R. Boxer named "Monsoon winds from Asia."**

Monsoon winds from Asia

Robert Kaplan maintains that the Indian Ocean, from the Horn of Africa through the Arabian Peninsula on to the Iranian plateau, the Indian subcontinent, and the Indonesian archipelago, washes up in regions as representative of this century as Europe was to the preceding one. This geographic Eurasian belt is home to a tense ongoing conversation between the West and Islamic civilizations, an intertwined network of global power supply lines, as well as the discreet but apparently inexorable rise of India and China over land and maritime territory. It is also important to remember that the Indian Ocean is ringed by thirty-seven countries representing one third of the world's population.

In recent times a series of protracted and complex territorial conflicts (Afghanistan, Iraq, Libya, and Syria) have obfuscated the significance of shorelines and the ocean, whose lanes and access points make up 90% of global shipping. It is on these littoral zones that demographic growth, climate change, rising sea levels, scarcity of potable water and political extremism acquire a vividly geographic face which C.R. Boxer named "Monsoon winds from Asia", meaning the intersection of the Indian Ocean and the West Pacific which, strategy-wise, will constitute a major hub for the twenty-first century.

This gradual shift in the balance of power could not come at a more hectic time for the territories on either side of the Indian Ocean, the Arabian Sea, and the Bay of Bengal. To further complicate matters the political future of the Islamic world, from Somalia to Indonesia, also remains uncertain. This Indian Ocean-adjacent sphere is also host to weak institutions, a frail infrastructure and a young, restless populace, a portion of which are susceptible to the seduction of extremism. The area ranges from the Red Sea through the Arabian Sea to the Bay of Bengal and the waters of Java and South China. The Indian Ocean also contains the main routes for oil and gas, as well as the principal choke points for world trade: the straits of Bab-el-Mandeb, Ormuz, and Malacca. By way of example 40% of hydrocarbons sail through the

Strait of Ormuz and 50% of the capacity for all merchant fleets in the world traverse the Strait of Malacca, making the Indian Ocean the busiest transnational contact point on the planet.

As with Western Europe and North America, Asia is moving towards economic integration, particularly due to the increase in trade between India and China, India and Japan, and Japan and Southeast Asia. China is also now the foremost trade partner to practically every state in the region. However, unlike in Europe and North America, there are no signs that the region will see convergence towards democratic policies, and neither is there any capacity for the creation and empowerment of multilateral regional structures such as NAFTA, the European Union or NATO, in terms of either scope or longevity. Europe and North America are also on a path towards homogeneity, whereas Great Asia seems capable of outstripping the Middle East in its heterogeneity as a region of complexity in terms of security.

Asia is home to two great historical civilizations, Chinese and Indian. They are entirely autonomous, with radically distinct identities. Historical hostility between China and India, between China and Japan, between Japan and Korea, and China and Vietnam, has also never been replaced by the concept of inclusive multilateral regional integration, either autonomous or supervised by an external power, as was the case in Europe. The regions heterogeneity is also emphasised by the diversity of political systems on display. Unlike Western Europe or North America, and even South America, Asia is still divided by a growing number of pluralist democracies, including India and Japan, and a small cadre of authoritarian regimes including North Korea and China. There aren't even any common Asian values, neither political, religious, or moral, whereas, in spite of everything, Judaeo-Christian identity and republicanism have enabled Western identity to achieve a measure of stability.

A plural security community

Post-war order in the West is, in historic terms, unique. Any international order dominated by a great power rests on a combination of coercion and consent. But the international order led by the United States has shown itself more liberal than imperial and atypically more accessible, legitimate, and long-lived. Its rules and institutions are rooted in, but also undergirded by, the evolutionary forces of democracy and capitalism. These forces are expansive, with an ample cast of participants and representatives. This doesn't mean the forces aren't strained nowadays by a myriad of pressures, but they maintain admirable resilience despite back-to-back financial, security and health crises.

China's rise is not however just a result of the consolidation of power and its status vis-à-vis US decline. The reality is that it faces a Western-centred system which is open, integrated, normative and has a broad political foundation. Liberal democracies are more open to taking part in security communities than other systems of government, due to their inherent political socialization capabilities and openness to shared norms. That is, the formation of pluralist security communities tends to provide a foundation for periods of stability and peace with longer life spans, as they are comprised of liberal democracies.

Portugal could play a role in the consolidation of Atlantic geopolitics and its democratic security network if it is able to meet one of the major strategic challenges that lie ahead: enforcing sovereignty in the largest exclusive economic zone controlled by a European country, on what may become the largest continental shelf in Europe and one of the largest in the world along with the Arctic Siberian shelf, the one on the South China Sea, the one on the North Sea, and on the Persian Gulf. This is key to understanding how the Atlantic may play a central role in geopolitical affirmation. This means the acquisition of sovereign rights to the extraction and exploitation or natural resources, i.e., mineral resources and living organisms that exist on the bottom of the ocean and the undersoil of the continental shelf. The national challenge a transformation like this may represent to the Portuguese economy demands timely preparation and co-ordination across the entrepreneurial community, universities, research institutions, and synergies among bodies of a like nature.

That is not to say that a country like Portugal mustn't seek out economic opportunities or strengthen political bonds elsewhere in the world. But an Atlantic country, albeit a peripheral one in the EU, already has everything it needs to pursue its present and future potential as a geopolitical and economic linchpin, form close relationships with Africa, Latin America and North America with trade, energy, logistic and security valences that arise from the Atlantic basin. These should not be underestimated.

Bernardo Pires de Lima was born in Lisbon in 1979. He is a research fellow at the Instituto Português de Relações Internacionais (Portuguese Institute for International Relations) within Nova University of Lisbon, international policy analyst at Portuguese TV network RTP and radio station Antena 1, political consultant to the President of the Portuguese Republic, chairman of the Curators Council of the Fundação Luso-Americana para o Desenvolvimento (Luso-American Development Foundation), and an author, having published, among other titles, "A Síria em Pedaços", "Putinlândia", "Portugal e o Atlântico", "O Lado B da Europa", and "Portugal na Era dos Homens Fortes". He has been a visiting fellow at the Center for Transatlantic Relations at Johns Hopkins University in Washington DC, associate researcher at the Portuguese National Defence Institute, columnist for newspaper Diário de Notícias and a commentator at TV network TVI. Between 2017 and 2020, he led the political risk and foresight practice at FIRMA, a wholly Portuguese investment consultancy. He's lived in Italy, Germany and the US, but he keeps coming back to Portugal.

Inequality

A growing risk emerging from the pandemic

by **Jérôme Jean Haegeli** Group Chief Economist, Swiss Re

& **Irina Fan** Former Head of Insurance Market Analysis, Swiss Re Institute

Uneven recovery across countries – the world economy has recovered strongly in 2021, largely based on the massive stimulus measures actioned by many governments to buffer the worst impacts of the pandemic. However, the peak in growth is over, and the recovery has been cyclical, not structural. Significant risks of new virus strains and waves of infection remain, and these could once again bring restrictions on economic activity. **As long as global vaccine distribution and uptake remain uneven, the world risks pulling further apart in terms of economic recovery and inequality. Differing economic recovery paths across countries will impact how quickly affected industries and people are able to go back to work and resume earning a living.**

We forecast global real economic growth of 5.6% in 2021, 4.1% in 2022 and 3.0% in 2023. The recovery will be uneven, with risks skewed to the downside. Supply-side shocks may persist, including global supply chain issues, and labour and energy shortages, all the while as monetary policy is becoming less accommodative. Inflation risk is our number one near-term macro concern. We expect inflation to remain elevated for some time, stemming from the same supply-side factors that are constraining growth. Pressure is starting to feed into slower-moving but harder to reverse areas such as rent and wages. We expect these headwinds to weigh on the outlook for 2022 and 2023, making structural healing - policies that work to reverse the permanent negative economic impacts of the pandemic - difficult.

Post-pandemic, one of the key structural trends that will shape the long-term path of the world economy is divergence. **We are concerned by growing divergence within and between countries in economic recovery, wealth, and income and socio-economic opportunity.** These divergences will make recovery fragile. **The pandemic's impact on employment and earnings have been felt differently across different segments of the population.** While everyone has suffered, the pandemic has disproportionally affected some lower-income households. Lockdown measures and the economic crisis have hit person-to-person services in low-wage industries like retail and gastronomy, while white collar workers able to work

> **"Post-pandemic, one of the key structural trends that will shape the long-term path of the world economy is divergence."**

from home have been less impacted. **Wealth inequality is also on the rise**, as asset price rises have outperformed the real economy. Inflation is surging just as Covid-19 support measures are being withdrawn, adding further pressure on low-income households.

Unequal social bearing of the pandemic has also been seen across generations. Job cuts have disproportionately affected younger, lower-skilled workers and lower-income households, and younger generations have faced pressured labour markets and lack of career opportunities. Impaired savings opportunities by young working cohorts may translate into future old-age wealth gaps. Government aid and social safety nets can buffer the impact of the pandemic on lower-income households and to this end, policymakers in advanced markets in particular have actioned extraordinary levels of fiscal stimulus to cushion the economic blow of the pandemic. For instance, in terms of GDP, as of January 2021, both the US and UK had allocated roughly 30% of GDP to spending and liquidity support for the economy.[1] **In the medium term, as governments use up fiscal and monetary headroom with stimulus measures, funds available for social safety nets may decrease.** In some cases, post-pandemic fiscal policies like higher rates of corporate tax may be implemented to fund social safety nets.

Widening income inequality linked to the pandemic highlights the importance of insurance protection. Insurance plays a key role in providing financial relief to buffer households from shocks, but the most vulnerable tend to have limited coverage. **Covid-19 has widened health and mortality protection gaps globally as households grapple with lower incomes, higher healthcare costs and greater excess mortality.** According to estimates by Swiss Re Institute, amidst the pandemic crisis, **the global insurance protection gap for health and mortality risk rose by over 7% to a new record high of USD 1.2 trillion in 2020**, over 60% of which originated from emerging economies.[2] Affordability is one key reason for low insurance take-up, but lack of financial inclusion is another.[3]

In terms of what we call "financial inclusion", the pandemic has also had disproportionate impact on small businesses and low-income households. These typically have less access to financial services such as bank accounts, payments, loans, savings and insurance. Almost a third of adults globally (about 1.7 billion people) remain unbanked, half of whom are from the poorest 40% of the world population. Extending traditional financial services to such groups can increase economic growth and reduce income inequality, International Monetary Fund (IMF) studies have found.

Lack of financial inclusion also hampers insurance penetration, which relies in many ways on access to the formal financial sector. However, on a brighter note, Covid-19 is **accelerating the digitalisation of financial services, and this trend will help insurers provide tailored, affordable products to under-served consumers.** For example, in Brazil, the Insurtech TôGarantido – in partnership with Chubb – launched a low-cost life insurance product (100% digital) bundled with health benefits, targeting low- and middle-income segments.[4] Mobile telephony is important to offer solutions such as mobile-based microinsurance, but **broad-based gains in financial inclusion will rely on public policy steps including infrastructure investment and digital-friendly regulation.**

To sum up, in a post-pandemic era, we observe growing divergence between countries with respect to economic recovery, and growing wealth and income inequality across different segments of society. These are structural trends that will shape the long-term path of the world economy and socio-economic opportunity. Policymakers cannot afford to be complacent. A policy reset that supports greater societal inclusion and cohesion could help address this increasing divergence. Extending affordable insurance can increase economic growth and reduce income inequality, and swift progress towards inclusive digital transformation is vital. Public-private partnerships will be crucial to rebuild resilience for the society and better positioned to cope with future crises.

1 See IMF Database of Fiscal Policy Responses to Covid-19, January 2021; the announced USD 1.9 trillion stimulus package in the US added manually.
2 Resilience Index 2021: a strong growth recovery, but less resilient world economy, Swiss Re Institute, June 2021
3 Financial inclusion an opportunity for insurers as digitalisation accelerates, Swiss Re Institute, November 2020
4 Chubb partners with startup TôGarantido to offer policies for "less favored", Sonho Seguro, 2 April 2018.

Jérôme Jean Haegeli, Group Chief Economist for Swiss Re is responsible for the economic and insurance market research. He is also the managing editor for the sigma series. Jérôme leads the global research teams located in Zurich, New York, Bangalore, Beijing and Hong Kong and provides macro and interest rate forecasts and associated consulting services for the Group. He steers the scenario analysis and group plan projections while leading efforts on contributing to a sound global financial market architecture and making the world more resilient. Jérôme served as Co-Chair of the World Bank's Global Infrastructure Facility (GIF) Advisory Council. He is particularly active in external committees at the Institute of International Finance and the WEF and participates in roundtable discussions with policymakers, this to strengthen the positive dual role of the insurance sector as a long-term investor and risk absorber. Jérôme represents Swiss Re in the Global Asia Insurance Partnership (GAIP) in Singapore as a Board member.

Irina Fan is the Former Head of Insurance Market Analysis at Swiss Re Institute, a research arm of Swiss Re. Irina lead a team of researchers in Zurich and Asia, providing thought leadership analysis on global insurance markets from changing consumer behaviours in a post COVID era, climate change to supply chain risk. This feeds into Swiss Re's *sigma* publications, which are considered as "must-read" for many. Prior to joining Swiss Re, Irina worked as Senior Economist with Hang Seng Bank. Irina has her bachelor and master degrees in economics from the University of Hong Kong.

Claims – the moment of truth

High level support

by **Roberto Revenga** CEO & Founder, Vantevo

Claims preparation services are common in some parts of the world. In North America for example "public adjusters" are well known to the insurance market and the general public - and must even be licensed under state laws. However in South America, Europe, Asia and Africa the idea of an insurance professional working on behalf of the insured or policyholder is not common at all, and there is no agreed term for those undertaking the service, varying from claims preparer, claims advocate, or even claims Advisor. So, what does the service really entail? Does it bring any real advantages for stakeholders in a claim, from insured parties, brokers, insurers and reinsurers? And how should brokers and clients look for those costs to be covered by insurers?

A major loss is a stressful and disruptive event for an insured and it is often the first time they have had to face such an ordeal. The primary concern of an insured is to recover the business while maintaining sufficient cash-flow to pay creditors – mainly pre-existent ones. No matter what the extent of the damage is, insureds are usually too optimistic about how fast the assets - buildings, machinery, stocks - will be replaced and the business put back to pre-loss levels. It is therefore critical that there is adequate management of cash-flow requirements during the recovery period after a loss event. Many insureds don't have an adequate business continuity or crisis management plan in place at the time of a big loss despite the fact that a single equipment failure can lead to the complete interruption of a business.

The Insured also has a number of very important decisions to make, involving high levels of work from the management team in order to quickly arrange for example, damage inspection, quantification, design and calculations for reinstatement, procurement, acquisitions, project management for the rebuild of the premises, licences, financing, labour reorganisation, and more. At the same time they need to ensure that all the information, loss evidence and support required by the insurers is maintained, compiled and presented adequately and as quickly as possible in order to minimize the length of the claim's process.

Very early on in any loss, an insurer needs a reasonable estimate of the potential amount of the loss and their exposure – the claim reserve. Insurers will often request that their appointed loss adjuster provide an initial estimate including any likely business interruption loss. Although the initial reserve should not be binding, an unrealistic undervalued estimate may well influence the adjuster's judgement and result in almost unending discussions in an effort to keep the final claim amount within the reserve limit. The insured will have to provide all the necessary information in a timely manner in order to secure a realistic reserve at a time when there are more pressing issues they also need to address.

The resolution of a major claim can be a lengthy and time-consuming process with substantial amounts of information required. It is, therefore, very helpful for insured parties to have professional advice at this time and to be represented by qualified professionals. This support and service is most effective if involvement is in the very first hours of a loss. Engaging a claims professional only after liability has been formally rejected by the insurer or in the wake of inconclusive discussions as a result of the loss quantification exercise may well not be as productive.

During the adjustment process of the claim quantum there are many coverage issues that can emerge whilst ambiguous policy interpretations can also lead to the denial of a claim such as for machinery breakdown, engineering, construction, as technically driven covers are more susceptible to subjectivity. The insurer also uses very experienced insurance professionals and attorneys whereas the insured party usually has no experience of dealing with complex claims practices. In this scenario, being represented by highly qualified experts with international experience of the claims process and knowledge of the insurance and reinsurance markets requirements is key to a maximising recovery within the terms of the policy.

A claims advisor can help insureds with the relevant calculations, collection of substantiation documents, preparation, presentation, defence and resolution of claims against insurers in a format that is also familiar and easily understood by the insurance market. The claims advisor will also deal directly with the insurers and their appointed loss adjusters, forensic accountants, lawyers and other relevant consultants in order to move quickly through the settlement process and maximize claim recoveries based on the policy wording in place. One example is business interruption loss calculations which consider both the historic and future trends of the insured's business as well as the overall specific market and competence situation and business trends. In fact, the evaluation of the actual loss, despite the use of reasoned business historical data, may turn into a subjective process along with lengthy discussions with the insurer's adjusters and forensic accountants.

A well prepared, presented and defended claim can have a significant impact on the final outcome of a loss. At the same time, a good emergency response and the ability to obtain cash advances in the initial stages of a loss will certainly minimise the overall disruption of the insured business.

In most cases insureds use the services of a claims advisor for claims derived from property damage, contents and stock losses including business interruption, contingent business interruption, as well as from engineering claims such as those related to construction/erection all risks, civil engineering completed risks, machinery breakdown including business interruption and advanced loss of profits/delay in start-up. Claims preparation companies also usually offer clients' complimentary services such as: claims advocacy; claims dispute and resolution; material damage and business interruption sum insured reviews; policy stress test – loss scenarios; claims handling procedures; risk consulting and monitoring.

The added value of claims preparation

A claims advisor should simplify the claim and adjusting process leaving the client to focus on reinstatement and the resumption of normal day-to-day business activities. The claims advisor will also work together with the key departments of the company – production, maintenance, engineering, finance – to find the most effective way to minimize overall disruption to business operations, taking into consideration all possible mitigation measures linked to revenue protection while securing insurers' approval at an early stage for a loss mitigation plan. A claims advisor that has been involved in many different catastrophic situations will definitely be able to support and provide effective guidance to insureds on how to properly manage such a disruptive circumstance.

The claims advisor will also have a real understanding of both the insured and the insurers different expectations. Many claims advisors will have previously worked as loss adjusters for insurers or reinsurers and will have built up a strong knowledge of the insurance industry and the specifics of the claims process and practice and be able to speak the same "insurance language". They should have the skills to effectively manage expectations of all of the stakeholders from the outset of the claim and keep everyone happy during the process.

The claims advisor will also, on the insured's behalf, work directly with adjusters, forensic and accountants experts and insurers as an equal, and will participate in meetings to explain and defend the methodology behind loss calculations. They can also respond to and screen any requests for additional documentation, preventing release of inaccurate information to be issued that might prejudice credibility along the process. They can also reject any non-essential requests issued by the adjuster avoiding unnecessary time-consuming tasks.

Would insurers benefit from claims preparation services?

A well prepared and presented claim can accelerate the claim process leading to a substantial reduction in the life cycle of the claim and related costs to insurers. Efficient professional advice can also lead to a shorter business interruption period due to the implementation of effective mitigation measures, thereby reducing the overall exposure.

Sometimes, an insured party that does not have the necessary resources will be completely focused on recovering the business, resulting in a frustrating claim process. Insurers do want their clients to be satisfied with the claims process as it can influence retention of that account and the spreading of their clients' positive experience may also attract other business. The use of professional representation during the claim process can therefore ensure that expectations are managed from the outset avoiding unnecessary misunderstandings that may lead to dispute and consequent additional costs.

Are claims preparation costs recoverable?

The basic principle of insurance is to indemnify against all costs rendered by an insured following a valid loss under the policy. Provided that these costs are reasonable and were actually incurred by the insured with the preparation of the claim - which is usually an obligation under the insurance contract - those costs can be fully or partially covered under a claims preparation costs clause, if included in the policy. Here is an example of a typical wording:

"This policy extends to include costs and expenses incurred by the insured or by any insured's representatives (including external consultants) in preparing and substantiating the amount of any claim under this policy."

Should the broker provide claims preparation services?

While many brokers have their own claims department, this is usually designed to provide administration support to their clients' claims pipeline, especially on frequent claims. Most brokers do not have the necessary people and time, or the specific expertise to calculate and defend a complex claim. Providing full assistance to a complex claim is also very time consuming and the implicit cost would certainly not be covered by the broker's commission.

> "The resolution of a major claim can be a lengthy and time-consuming process with substantial amounts of information required."

Roberto Revenga has over 40 years' experience as a loss adjuster, mainly in major and complex risks. He has specialised in energy and industrial risks, including fire, machinery breakdown and consequential losses. He was a founding partner of renowned international loss adjusting companies such as RTS, Addvalora and Advanta. He has contributed to the development of insurance academic research by recently authoring a book titled "Property Damage and Business Interruption in Industry," published by AGERS (Spanish Insurance and Risk Management Association). He is the founder and CEO of Vantevo – Claims Advisors. Vantevo is a Brokerslink active member which is headquartered in Spain from where it can assist clients all over the globe. Vantevo is currently very active in Europe and South America and has offices in Brazil, Chile and Peru and plans to open ones in Colombia, Mexico, USA (Miami), rest of Europe, Asia, Africa, and Oceania.

Salvador Caetano Group

Helping people move
for over 75 Years


Salvador Caetano Headquarters

Having been in operation for over 75 years, the Salvador Caetano Group is a major player in the Iberian automotive sector and a prominent one outside of the Peninsula. With a presence in over 37 countries across three continents, the group employs over 6,700 people through its multiple companies. In total, these companies posted a turnover in excess of Euros 2.1 bn last year. Whilst the group cherishes the industrial vocation that underlies its genesis, Salvador Caetano is focused on constant evolution, developing new business models to meet the needs of a market in a permanent state of flux. To this end, the group preserves the enterprising spirit of its founder by investing in innovative mobility services.

Recognising that its employees are a true asset to the corporation — another principle instilled by Mr Salvador (as people within the group fondly refer to its founder) — it is through these employees that Salvador Caetano operates across seven practice areas: building buses, importing, and distributing automobiles, assembling automobiles, industrial and manufacturing equipment, services, mobility, and aeronautics. Together, these combine perfectly to serve the group's mission statement: Helping people toward a better tomorrow.

Quality and innovation, from Portugal to the rest of the world

Industry is where it all began. The starting point was buses; that was followed by automobile assembly and then, more recently, aeronautics became a part of the group's industrial portfolio, a sector which dovetails with the group's unwavering dedication to quality and innovation. Today, building on decades' worth of experience and knowledge, industry remains the backbone of Salvador Caetano's strategy.

In this business sector, CaetanoBus has increasingly pursued the development of clean mobility products, namely its zero-emission buses. This journey began in 2011 when the group built its first, all-electric vehicle. Since then, many meaningful developments have made their way to its buses, including the **e.COBUS**, the first, 100%-electric bus developed exclusively for airport use. The company is a prominent leader in this segment — with a footprint in over ninety countries.

The path toward cleaner mobility solutions has recently undergone more developments thanks to the **H2.City Gold**, the first hydrogen battery-powered bus assembled in Europe with technology supplied by the group's partner, Toyota, who license their brand to this product. This co-branding venture reinforces the group's lasting partnership with Toyota which now aims to decarbonise cities.

This constant urge to innovate and evolve naturally led Salvador Caetano to extend its activities into the aeronautics sector which is so strongly associated with those aims. This investment was strategically important to the business, not only due to the cutting-edge technology and standards of excellence that aeronautics demands but also due to the possible synergies with the group's other lines of business. These factors combined with the opportunities identified in the sector, led to the decision in 2012 to commission a dedicated factory for components, Caetano Aeronautics, which currently forms a part of the Airbus Defence and Space supply chain.

Through its manufacturing capabilities Salvador Caetano has bolstered both its exporting momentum and its purpose: helping people travel. On land, but also across the skies.

The e.COBUS is the first 100%-electric bus developed exclusively for airport use. It is already present in over 90 countries so the chances are that you will have already ridden in one!

New business models and new markets

For Salvador Caetano, customers are a major inspiration and researching their motivations and identifying new ways to address their needs is essential, with the group's employees leading the transformation of intent into value. To that end, creating customised flexible services that make the company stand out has been a constant pursuit, and one that led to the consolidation of the mobility-aggregating brand for the group, Caetano Go. This brand focuses on the experience of each mobility journey and seeks to make customers' lives simpler in innovative ways.

The growth of one of the largest corporate groups in Portugal is also supported by the pursuit of new business models and markets. At an international level, Africa still presents huge growth potential and the group still channels a great deal of effort towards the continent. The same goes for the South American market, especially Colombia, with the business recently entering into partnership with the Domingo Alonso Group, and representing more and more brands. This appetite for the international playing field is part of Salvador Caetano's DNA and it also resonates with each and every employee, providing the opportunity to work in different contexts and geographies, and affording them chances to move around in the group to enhance their personal and professional experience.

The Iberian market is however no less significant. Here, the group is a key player and it has consolidated its leadership of the auto retail sector through new acquisitions and digital processes, further streamlining vehicle purchases and reinventing traditional business models. This is achieved through the finest technology available and by maintaining close, human rapport with customers.

Caetano Aeronautics has been growing since its launch in 2012

Helping people toward a better tomorrow

With a view to both growing company business and serving customers, Salvador Caetano ranks social and environmental sustainability among its top priorities. After all, serving internal and external customers well will ensure a better tomorrow for all. The company is committed to that.

Recent global events have reminded us all of our frailties and pain points. Companies in the auto and mobility sectors for example face major environmental challenges that will influence their choices and decisions and the need to keep up with growing societal concern about the state of the planet. In that light, decarbonising is a key focus for the group. Fully aware of the impacts the business causes, the group pursues constant streamlining, the development of environment-conscious solutions and has an ambitious zero-emission policy, as it looks to minimize its impact across the supply and value chains.

To address sustainability is to speak of society and the people who comprise it, something which has always formed a part of the group's identity. Among all the projects, one stands out, *Bosque* [Forest] *Ser Caetano*. Not only does the initiative help biodiversity and the equilibrium of a pre-existing ecosystem, but the forest is open to all employees for leisure purposes, helping to promote a healthier lifestyle.

People and knowledge

The people at Salvador Caetano have always been at the heart of its success. And that is why the group deems it paramount to attract talent and provide ongoing education to its employees. Through *Academi@ Ser Caetano*, Salvador Caetano empowers its people with the best skills to do their job, prioritising what it describes as the *Ser Caetano* strategic skills.

But development opportunities aren't exclusive to employees. The group established a series of Salvador Caetano vocational training institutions in 1983. Under the umbrella of the *Academia@ Ser Caetano*, each institution offers young people a wide selection of vocational training opportunities that provide relevant accreditation and gives them an opportunity to join the company at the end of their study cycle or go on to pursue university studies. Since their inception, over 270 vocational programmes have been offered in connection with Auto Mechatronics, Chassis Repair, Auto Painting, the Workshop's reception area, Sales Assistance, and more, involving nearly 5,000 students.

“This appetite for the international playing field is part of Salvador Caetano’s DNA and it also resonates with each and every employee, providing the opportunity to work in different contexts and geographies, and affording them chances to move around in the group to enhance their personal and professional experience.”

MDS Auto and Salvador Caetano partnership

This partnership underlines the critical importance of auto insurance to the group and the understanding that being associated with a business of the pedigree of MDS guarantees credibility. Salvador Caetano’s and MDS Auto’s ambition, when combined with the vast auto sector experience and market leadership within the two groups, brings a number of real synergies that enable the provision of specialty services to the sector.

The Bosque (Forest) Ser Caetano is one of the Group's initiatives to boost biodiversity. The area is also open to all employees for leisure purposes, helping to promote a healthier lifestyle

José Ramos and Ricardo Pinto dos Santos

Ricardo Pinto dos Santos, CEO MDS Portugal, in conversation with José Ramos, Chairman of Toyota Caetano Portugal and Member of the Board of Directors of Salvador Caetano Group, asked him about his career, the Salvador Caetano Group and its recipe for success.

Your career with the Salvador Caetano Group spans a lifetime. Would you like to share some of the more relevant moments in your career?

Many moments have left a strong impression, so I will focus mostly on those connected with Mr Salvador. I learned values from him, such as knowledge sharing, respect for the workforce, investing in the young, and he also imparted a valuable piece of advice, which is, don't make decisions in a spirit of levity. We've always worked as a team. He impressed upon me that it is important to make it so that people enjoy showing up for work. Without passion you can't achieve anything. Mr Salvador gave me a personal and a professional family.

My track record in the group includes a number of people, brands and events, but I'd like to highlight my relationship with Toyota — from the head office in Japan to the large network of Portuguese dealerships. This great family has taught me a great deal and brought me many joys in all these years of closeness.

Academi@ Ser Caetano models success and demonstrates the group's dedication to the personal and professional development of its employees. Having been established to conduct internal training, it soon opened up to the market and is now recognised as a centre of excellence for the sector. What makes it so special? How has it contributed to the recruitment and retention of talent in the group?

At our Academi@ Ser Caetano we work on two tracks: vocational training for young people, and training employees. Both rely on four pillars: *Talento Pro* (youth training); *Talento Jovem* (trainee programme); *Talento Interno* (training and development for employees) and *Talento Senior* (employee pool comprised of current and former employees). These have allowed us to achieve results we can take real pride in. Stimulating passion for knowledge, maintaining the Ser Caetano values, and a culture of sharing are the principles that make this academy so special. Adapted to modern challenges, our academy provides in-person, remote and hybrid education, which allows us to share our knowledge across national territories and our multiple companies all over the world. When you add it all up you create motivated, knowledgeable professionals who are young and can take on the challenges the world of work presents. Many of them choose to stay and work with us.

Your group is at the forefront of new trends in the auto sector, namely in mobility services. Could you discuss what you're doing and what your future plans entail?

We're committed to developing new mobility solutions and the time we're living through has accelerated the creation of increasingly digital services, although we have also maintained our focus on closeness to our customers. Additionally, we lead the pack when it comes to electric vehicles in the sector. That has motivated us to retrain our teams. Nowadays you need new skills to meet current challenges and we're working toward that, anticipating future demand.

Toyota has this vision of offering a complete customer journey that includes insurance solutions. How important do you think it is to include specialty insurance sales through dealerships and how might that model evolve?

Customers have become more demanding and it's up to us to dazzle them with excellent service, fully integrated service that improves their experience with the vehicle, from the moment they buy it, and throughout daily use. The sale of insurance through dealerships is just one example of how a vehicle sale transcends a simple car purchase and becomes a complete mobility service. Increasingly, our concern with customer comfort leads us to develop and diversify services and functionality to best address their needs and motivations under an integrated logic of mobility.

"To me, and to the group, Japan is synonymous with "strong bond." Our relationship with the country goes back years and entails great closeness. I would say Japan represents learning and profound respect for people."

Academi@ Ser Caetano offers employees and young people a wide selection of vocational training opportunities

During the course of your career, you've faced several crises, like the one we're living through now. How would you advise managing those crises and economic cycles?

Although the current moment has particular specifics, we may draw some lessons from previous crises. I would highlight two which I think are fundamental. The first one is, keep up with changes in consumer behaviour. This crisis, like so many others, led to the take-up of new attitudes, demands, and needs on their part. So, we should keep an eye on those changes to best address their yearnings. The second one is, invest in people. You overcome hurdles thanks to your people's talent and engagement. So, maintaining employee motivation is essential. Of course, it takes resolve. With a bit of resolve you can power through adversity.

Your close connection with Japan has been recognised not only through your appointment as Honorary Consul in 2002 but also through your decoration, in 2015, with one of the highest honours granted by the Emperor of Japan to foreign citizens for contributions to the development of understanding and bonds of friendship between Japan and Portugal. What does Japan represent in your life?

To me, and to the group, Japan is synonymous with "strong bond." Our relationship with the country goes back years and entails great closeness. I would say Japan represents learning and profound respect for people. These are the teachings we've gleaned from the country's culture and applied to our day-to-day affairs. At Salvador Caetano we apply some Japanese practices in our work, especially Kaizen methodology, which rests on the principles of continuous improvement of processes and of worker engagement. Respect for people, I reiterate, is at the heart of everything, including Kaizen, so we cultivate it devoutly within our group as well.

José Ramos

Healthcare “after” Covid

by **Dr Charlotte Kenny** GP Registrar, NHS Brighton

The coronavirus pandemic is exerting major pressures on healthcare systems around the world. In the United Kingdom, the NHS and social care systems have been impacted in different ways, some positive, others negative with some of these trends beginning to emerge. The healthcare landscape is ever-evolving and the change has been compounded by the discovery of new Covid-19 variants. Whilst this evolution is inevitable, it is important to examine the changes both positive and negative that have occurred, and ask if these changes will continue or will the healthcare challenges regress to pre-pandemic woes?

Doctors and academics are citing curious and unexpectedly positive side effects of the abrupt shifts in human behaviour in response to the covid-19 pandemic. For some, the pandemic has provided a unique window into positive health effects from major changes in human behaviour. Working as a Doctor within primary care, my area of interest has been focused on the acute issues of today but also the future concerns of tomorrow. Throughout the pandemic within my local practice, I have witnessed patients approaching medical consultations with a shared willingness to accept and act on public health messages.

A broadened awareness for hand washing, personal hygiene, and other prevention measures has led to an abnormal annual incidence of illnesses. The introduction of lockdown measures and social distancing in Winter 2020 has led to many common childhood illnesses, including RSV (respiratory syncytial virus), to thrive in summer months. Many young children without the exposure and development of natural immunity have been left vulnerable and at a higher risk than pre-pandemic levels. The risks associated with infective conditions led to NHS England from April 2021 encouraging pediatric units to bring forward their usual winter planning, escalation and emergency processes to support an increased capacity in terms of beds, workforce and ward supplies. (Gov.uk)

For those who took advantage of lockdown as an unexpected opportunity to make positive changes in their lives, other groups did not. Covid-19 has magnified and exacerbated health inequalities with higher rates of illness and death from Covid-19 in more deprived communities. Aside from physical disability, the pandemic has resulted in extensive and sudden social changes and new risks, some with particular relevance to people living with mental health problems.

"A broadened awareness for hand washing, personal hygiene, and other prevention measures has led to an abnormal annual incidence of illnesses."

Studies published within the British Medical Journal highlight the psychological distress experienced by many, particularly women and young adults. A change in health behaviour showed that although initially behaviours such as smoking declined, adverse alcohol use increased.

The National Health Service (UK), like many health systems around the world, has huge hurdles to overcome. Before this crisis, around 85% of the 'burden of disease' in the UK was from long-term conditions rather than infectious disease (WHO). With the coming of winter and the NHS already under pressure from Covid-19 variants, its capacity to cope with extra winter health challenges has been severely tested. Before the pandemic, winter bed occupancy in the NHS regularly exceeded 95%. This year the NHS has also been operating with a reduced number of beds because of infection control measures.

The NHS has some of the most ambitious waiting time standards in the world, mainly introduced by the Labour government between the years of 1997-2010. These pledges within the NHS constitution were routinely being missed before the pandemic, the 62-day cancer treatment standard has been regularly missed for over six years (nhs.uk/statistics/cancer-waiting-times), do we have an opportunity to examine what does the UK population need from its health service in a world "after" Covid? With some of these waiting time standards being set many years ago, how can we ensure the UK population is appropriately cared for in the world of tomorrow?

The importance for people to improve their personal "risk profile" and overall health has been highlighted by Covid, with some communities improving all aspects of their health outcomes. This has been through small changes within our daily lives, such as washing hands and keeping away from large gatherings when we feel under the weather. As we approach the third year of Covid-19 we are bound to see how these nudges towards health and consideration for those around us impact us in the long term and may change the course of other diseases we have become accustomed to living with for future generations.

Charlotte Kenny began her medical studies at St George's University of London before completing a healthcare business management intercalated degree at King's College London. Having worked as a Doctor in multiple areas of medicine including Emergency care, General Surgery and Obstetrics she has now focused her efforts in Primary Care, becoming a GP Registrar in Brighton, England. Over the last eight years, she has developed a passion around innovation and technology within the health sector, and has demonstrated experience in project change management, including in the implementation of telecommunications within the NHS. Charlotte is an assessor for the NHS innovation accelerator, where she is determined to close the gap between technological possibilities and actual clinical practice. She has worked in a variety of roles alongside her general practice role including within artificial intelligence firm Metadvice as a product owner (based within Switzerland and London) and also clinical roles within BiaCare (London, UK) the first virtual menopause clinic focusing on group consultations.

Great responsibilities require great protection

Risks related to corporate governance, political and economic instability and legislative changes have led large companies to seek solutions to protect their executives.

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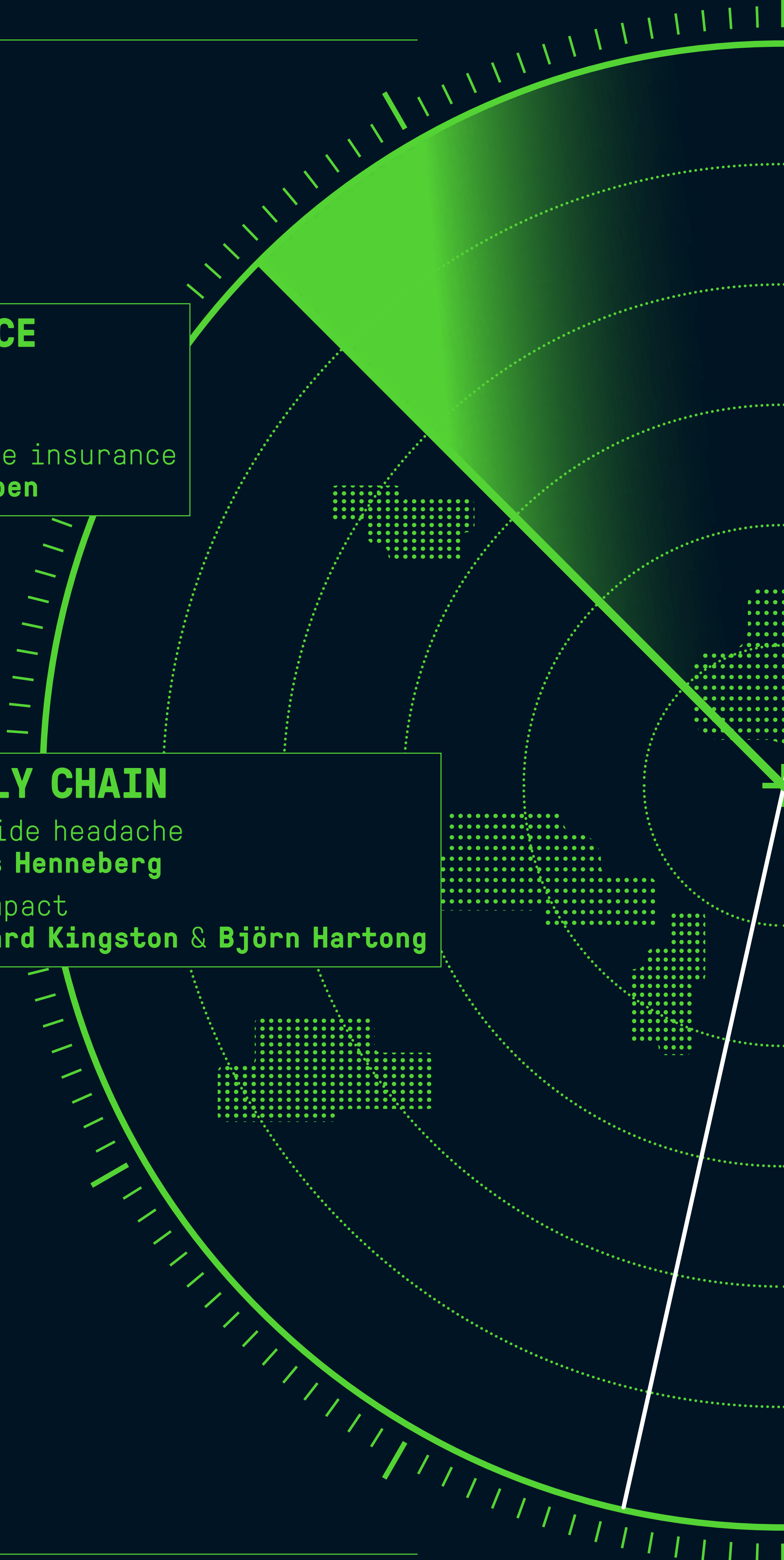


MARINE INSURANCE

Into the known

Preparing for marine's bright future by reflecting on its past

by **José Nuñez** CEO, Lloyd's Iberia

When Lloyd's began trading in 1688, marine insurance was a very different ball game. Sailors, captains and wealthy individuals competed for floor space in Edward Lloyd's coffee house, fighting to secure financial cover for their expeditions – from trade routes in the Pacific Ocean, to naval patrols in the English Channel. Contracts were drafted on paper – and on occasions, napkins – while news updates were posted on noticeboards by the coffee house's resident waiters. Famously, ships lost at sea were recorded in the Lloyd's Loss Book – a tradition that is still upheld to this day and stands proudly in the Lloyd's Underwriting Room.

The sector today

Fast forward nearly 350 years, and the industry looks very different. Policies are placed, processed and signed digitally; real-time data monitors a ship's precise location, speed and cargo; and shipping routes now extend to every coast and country, with over 95% of goods travelling by sea at some point in their life cycle.

In that time, marine insurance has grown into a highly complex and diverse line of business covering everything from container ships to Van Gogh paintings.

That complexity brings both challenges and opportunities. The need for bespoke solutions mandates a time-consuming process for placing insurance cover, while the limited availability of accurate and granular detail leads to a lack of standardisation across the industry.

So while we've come a long way since the days of paper on a coffee shop wall, many of the trends that have driven our transformation over the last three centuries – the integration of technology included – are in reality still in their infancy. Much of their potential to revolutionise the sector has yet to be realised.

Continuing the journey

Here, Lloyd's is proud to be supporting innovation in the sector.

Through Blueprint Two – our plan to become the world's most advanced insurance marketplace – we're working with market participants to make it quicker and easier to place all classes of insurance, including marine business, at Lloyd's. The plans will allow marine underwriters to access the granular detail they need to provide bespoke and time-sensitive cover for their customers.

At the same time, we're seeking out and supporting the bright ideas that will revolutionise our industry. The Lloyd's Lab was established as an incubator for insurance startups, giving them access to the knowledge and capacity within the Lloyd's market. Now in its fourth year, the Lab has already unearthed some of the ideas that are changing marine insurance today.

For example, Parsyl joined the Lab in 2018 with a proposal to deploy low-cost sensing technology in the supply chain, allowing businesses and insurers to monitor things like temperature, pressure and humidity in their cargo holds.

That technology led to the creation of the world's first parametric cargo insurance, whereby claims are automatically paid to customers if certain conditions are triggered – significantly reducing wait times and boosting confidence in the product.

In the same vein, Tel-Aviv based start-up Orca AI is bringing technology into the maritime world by deploying data and machine learning to boost safety and efficiency in the industry.

Their awareness system and smart alarms reduce the likelihood of incidents at sea – of which there are still around 4,000 every year – and improve the navigation of ships in difficult waterways, the importance of which was made clear by the high-profile blocking of the Suez Canal by the Ever Given last year.

Parsyl and Orca AI's innovations offer just two examples of the potential of technology, data and automation to simplify and improve marine insurance.

Navigating the challenges

Of course, these trends are not without their own challenges. Digitalisation introduces new risks, from the threat of cyber attacks to the need to train people in how to use new technologies.

This emphasises the need for insurance covering the spectrum of risks seafarers face. It's why the Lloyd's market is leading the evolution of products like cyber insurance, while producing cutting-edge research on emerging risks such as climate change and geopolitical tensions.

It also reminds us that no innovation is a 'silver bullet'. Each insurer and risk manager must weigh up the potential costs and benefits of digitalisation to their organisation and their customers, before mitigating the challenges that could cause their efforts to run aground.

Our view is that models should be skewed towards the future, with an eye on the horizon and the future viability of a business – as captured in Lloyd's purpose of 'sharing risk for a braver world'. That mentality will empower the sector to keep driving forward.

> "That technology led to the creation of the world's first parametric cargo insurance, whereby claims are automatically paid to customers if certain conditions are triggered."

Moving with the fleet

The important thing – the element that will help propel marine insurance into the future – is partnership.

Partnership between established markets like Lloyd's and new entrants to the market; between marine and other lines of business; between the private sector and public actors like governments, development bodies and regulators.

This cooperation has been key to finding early solutions and innovations on pressing issues such as climate change, but it will also underpin marine's future success.

Encouragingly, partnership is a founding principle of the industry – tracing back to those early conversations in coffee houses – so can be seen throughout the sector today.

A prime example is Keel, the consortium led by Brit in the Lloyd's market, which provides flexible cover for trips made by vessels into ports usually excluded from war protection.

Keel is pioneering the use of automation to simplify and speed up the process of placing these 'breach calls', supported by $150m of capacity per risk. Not only is the technology making life easier for insurers and customers, it is supporting braver and more informed decisions in the transportation of goods by sea.

But fundamentally, it is based on the sharing of expertise between insurers, risk managers, tech experts, data analysts, mariners and many other voices – combining to create innovative solutions that improve the marine sector's readiness to build resilience and face the future.

The arc of history

With such a large proportion of global trade depending on the movement of goods by sea, the marine insurance industry must keep adapting to its environment – as it has throughout its history.

That means understanding the emerging risks to the industry, while urgently – but pragmatically – innovating and integrating new technologies into our models, platforms and products.

Automation, connected technology, and deeper data pools all have the potential to form the foundations of marine's 'next step' forward – the kind of seismic shifts we reflect on in a hundred years' time, as we do about paper and pen today.

These technologies should be integrated with an awareness of the risks and costs associated, alongside steps to mitigate those risks – not least the added threats from cyber space and technological failure.

For a complex and varied line of insurance like marine, bespoke solutions will still be needed. Complete automation would not achieve the right outcomes for customers, and could create more risks than it solves.

But a complete rejection of these technologies would also leave the industry vulnerable to emerging threats – and worse, could consign marine insurance to an outdated and overlooked historical artefact.

The future of marine will therefore be an uneasy, but necessary compromise between human judgement and digital technologies.

The right blend will enable the sector to keep adapting to its environment, continuing the journey of transformation that began in Edward Lloyd's coffee house in 1688.

José Nuñez has studies of Philology & an Executive Direction Programme Degree (IESE Business School). José is the current CEO of Lloyd's Iberia and is based in Madrid. He brings more than 30 years of experience and a deep understanding of the Iberian (re) insurance markets, having worked in several management roles at Commercial Union, Gerling & Catlin. He is also chairman of ASASEL (the Spanish Association of Lloyd's Coverholders). Most recently José held the position of National Commercial Director at Asegrup S.A. in Spain. He is fluent in English and German.

An overview of marine insurance

by **Serge Vanderstappen**
Chief Broking Officer, Filhet-Allard Maritime

Marine insurance is one of the earliest forms of insurance and one of the most accessible instruments to hedge a risk and offset the variety of business hazards associated with marine adventures. Marine insurance has always been vital for the development and financing of international trade by providing additional security to the interests vested in a ship and its cargo, both of which are exposed to perils at sea.

Insurance allows traders, shipowners, and charterers access to financial markets to secure credit lines for their goods. It enables seafarers to sail on high seas by securing their vessels and the associated liabilities, as well as their ability to secure positions in freight markets.

When we consider that 80% of all goods are transported by sea, the safe arrival of goods, the financial interest of the underlying trade transactions, and the liabilities of all stakeholders in the supply chain are paramount. With a volume of 11 billion MT in 2019, marine transport is the backbone of our global economy.

Seafarers have always been on the frontline, ensuring the provision of our everyday needs throughout global crises. The role of marine insurance has become even more pertinent due to the fragility of supply chains, as highlighted in 2021 by the blockage of the Suez Canal.

The Covid-19 pandemic disrupted maritime transport in 2021, testing its agility and resistance, albeit to a lesser extent than other industries. Current bottlenecks caused by shortages in equipment and containers are a result of the distorted impact of Covid-19 and highlight the varying levels of rapid recovery in economies across the world.

Market Overview

All branches of marine insurance combined are worth 30 billion USD in written annual premiums, of which the cargo line represents 57% followed by hull insurance, marine liabilities, and offshore energy.

Europe, including the UK, Lloyd's and Nordic markets are still the largest marine insurance hubs, followed by the Asian, Latin American, and North American markets.

The growth of the Asian market in terms of hull insurance, and the Chinese market, is remarkable, to the extent that many predict that it may overtake the Nordic markets for a lead position.

Current Challenges

The challenges the marine insurance industry is currently facing are many and varied, but the causes appear to point to underlying structural difficulties for which markets must find appropriate and sustainable responses.

The historical underperformance of marine markets, and the lack of capability to connect with sustainable profitability, produced loss ratios above 100% since 2017 and created a major crisis from which industry players are slowly and prudently recovering.

At first, this underperformance was expected to be another classic dip which would be followed by the resurgence of a competitive and bearish market. It was in fact a structural crisis which imposed a hard market correction, shrinking capacities, divestiture, and reduced risk appetite, which combined to create game-changing conditions for marine insurance markets.

Concerns about the effects of climate change, the challenges of ESG (Environmental Social and Corporate Governance), the decarbonisation of shipping, the accumulation of risk on board mega vessels and in ports, as well as the supply chain constraints, reinforced the need for a radical change.

The structural crisis of marine markets brings to light the necessity for disciplined underwriting through new technology and data analysis.

InsurTech, which is now responsible for an increasing number of partnerships between insurers and technology firms, will continue to transform our industry.

Compliance: a key pillar

Besides increasingly complex regulatory requirements, risks covered by marine insurance markets are exposed to numerous national, international, and supranational rules and legislations to which they must comply. The position and their service model of brokers makes them particularly vulnerable to possible breaches. Specialized and integrated compliance services are a lifeline for marine insurance brokers in order to honour their obligations to clients and markets.

Vision, mission and the role of the broker

A specialized broker is an inherent part of the assured's value chain and should be at the centre of business decisions. It is our mission to have a holistic 360-degree view of a client's risks. The transfer of a residual risk to insurance markets is only useful after risk analysis and alternative structuring have been performed.

Upstream risk avoidance, prevention and claims & recovery services are part of a brokers "one-stop-shop" service package.

Efficient and adequate operational models, leveraging of technical capabilities and allocation of talents to added-value services make the difference for clients and will be the standard proactive for the business of tomorrow.

Lean processes, simplification of administration, use of modern technology and smart use of data will be the key drivers of profitability.

A shift of authority, emergence of new skills, the disappearance of traditional processes and the widespread use of data and technology, are some examples of other measures being taken by marine insurance markets to solidify their foundations and strengthen the role of insurance.

The collection, processing and proper use of risk data should be integrated into underwriting processes in order to continuously improve the quality of risk assessment and the allocation of capital for its ultimate objective: to protect the interests of marine adventures and facilitate world trade.

Finding the right blend of technology, underwriting and servicing within a traditionally rigid industry is the challenge we all must undertake to fully embrace the future of Marine Insurance.

> "When we consider that 80% of all goods are transported by sea, the safe arrival of goods, the financial interest of the underlying trade transactions, and the liabilities of all stakeholders in the supply chain are paramount."

Serge Vanderstappen is Chief Broking Officer at Filhet-Allard Maritime and has over 30 years' experience in the marine, logistics and insurance sectors. He began his insurance career in 1990 at Noord Natie in Belgium as Assistant Risk Manager before becoming a Marine Underwriting Manager at Fortis Corporate Insurance. He then moved to Starr Underwriters where he held the position of Marine Manager for Belgium.In 2011, Serge joined Filhet-Allard Maritime (FAM) as Technical Director which then developed into the role of Cargo & Charterers' Liability Production Director and enabled him to set up the Marine Compliance Department. In 2019, his remit was enlarged to include responsibility for developing and driving FAM's broking strategy through a combination of innovation, data and analytics. Serge is a frequent contributor to industry events and a thought leader on issues such as Marine Insurance and International Markets. He's a lecturer for Kedge Business School's Master's in risk management and for the University of Bordeaux's Master of Finance and International Trade, both in the field of marine insurance. Serge studied law to master's level at the University of Antwerp and KU Leuven respectively, and holds postgraduate degrees in Economics and International Management.

SUPPLY CHAIN

A worldwide headache

The disruption of supply chains

by **Lars Henneberg** Vice President & Head of Risk Management, A.P. Møller-Maersk A/S

> "The importance of integrated logistics, the importance of having asset control, of having committed capacity, of being able to affect and control outcomes, of being digitally connected."

Bottlenecks and port congestions are causing headaches for companies and consumers all over the world. At Maersk, we do our utmost to mitigate the challenges.

A whole fleet of container vessels waiting outside the ports on the US west coast. TV stations all around the globe have shown the pictures of fully loaded container vessels not being able to unload their cargo.

It is obviously a problem for the carriers as it causes delays and capacity will be missing other places in their network. But it is not at least a problem for the many companies and consumers not receiving their goods in time.

Currently, the insurance market does not provide many solutions to alleviate the financial impact of the disruption our customers are facing. Insurance cover for business disruption typically provides a physical loss to trigger cover for disruption. It is possible to obtain some kind trade disruption cover, but it is limited in cover and capacity. Hence, while a lot of things can be done by customers to mitigate the supply chain risk in the short and long term, our customers to a large extent depend on our resilience and ability to deliver on our promises.

But how did we end up with a disrupted supply chain? We are doing our utmost to mitigate the challenge and help our customers creating a resilient supply chain, but several factors are causing the disruption we currently are facing.

High demand by consumers, particularly in the U.S., combined with lack of labor in ports and warehouses and particularly lack of progress in many markets have led to congestion and bottlenecks across the world. And ship capacity is today tied up waiting outside ports at a time when demand is very strong. This has led to record high freight rates, but also increased cost and complexity for A.P. Moller - Maersk as well as other carriers.

Our customers' supply chains have been heavily disrupted in many cases. Besides the above-mentioned challenges, Covid-19 restrictions have also made a global trade a game of uncertainties. In response, we have taken several initiatives to alleviate these disruptions and the impact they have on our customers' business. This includes expanding our capacity in Ocean to an all-time high level. Frankly, anything that can sail is out sailing today, and we have also increased the average speed of our vessels.

In terminals, we have expanded gate capacity significantly, in some cases, doubled it. We have established express truck lanes and the utilization of our terminals is at a record level of seventy eight percent for the third quarter last year. In our Logistics & Services division, as an example, we opened more than sixty new warehouses during 2021, to expand our geographical footprint and to be able to service our customers even better.

We also include ancillary services in our product offering in the logistics space such as customs house brokerage and various cargo protection products ranging from extended liability for cargo damage to regular cargo insurance. This ensures that we take away the burden from the customer to handle all the fragmented and complex supply chain issues and are truly a one-stop-shop for the customer.

The importance of integrated logistics, the importance of having asset control, of having committed capacity, of being able to affect and control outcomes, of being digitally connected. All of this is front and center with our customers today as they are struggling to manage their global supply chains. And that is frankly, why we continue to rapidly grow in the logistics space.

Lars Henneberg is Vice President and Head of Risk Management at A.P. Møller-Maersk A/S, a global integrator of container logistics. He is a lawyer by background with focus on Energy, Transportation & Logistics, and Insurance. From 2005 to 2010 he held the position as General Counsel at Maersk Oil and in 2010 he assumed his current position as Head of Risk Management at A.P. Møller-Maersk A/S as well as Managing Director of Maersk Insurance A/S. He is a Board Director of two insurance companies. Lars has broad international experience, including a five-year posting for Maersk Oil to the Middle East (Qatar) from 1999 to 2003.

SUPPLY CHAIN

High impact

Insurers´ point of view on supply chain interruptions

by **Howard Kingston**
Global Head of Marine, Zurich Insurance Group
& **Björn Hartong**
Global Head of Marine and Security, Zurich Resilience Solutions

The supply chain interruptions currently being experienced globally present increased and new risks for customers that marine insurers can help manage and mitigate. As supply chain interruptions have impacted their business, we have identified the choices that our customers face:

1. Accept the situation, with potential delays and longer storage of goods at existing and / or new locations in the supply chain;
2. Seek alternative options to reduce shipping costs and / or ensure shipments arrive on-time;
3. Combination of options 1 and 2 where alternatives are sought for certain markets & products, whilst for others the situation with delays is accepted;
4. Not shipping the goods: it is not economically attractive to ship the goods due to costs. Keep them in a storage location until transport costs reduce and it becomes a viable venture;
5. The customer decides to stop production.

Each option presents additional risk to be identified and managed accordingly.

1. Accepting the situation is not without risk. Any form of disruption must be considered, and the reality today is telling us that such disruptions are likely to occur. Whenever shipments are at rest there is an increased risk, particularly if such delay is unplanned.

Examples include:

- Delays in a warehouse can lead to unexpected accumulation of goods resulting in insurance policy limits being exceeded beyond the control of the customer. The warehouse may reach capacity leading to new, unknown locations being used. The risk of fire and theft is likely to increase.

- Containers may be stored in the warehouse yard without being emptied. Containers are not designed for long term storage: the packing of products is designed for normal transit times but not for a longer period – for instance adequacy of humidity absorption materials.

- Final mile deliveries may be delayed as drivers run out of driving hours, there is insufficient capacity in warehouses, or they are closed as out of hours. It may be that shipments are parked up in unknown locations with inadequate protections until delivery can be made.

The chance of any of these supply chain interruptions has increased significantly and an adequate risk assessment is essential to help manage and mitigate the risks presented. Purchasing additional insurance capacity is an option but is usually a result of a financial business risk decision. Additionally, Zurich's Risk Engineering team works with customers to identify the increased risks specific to their business and then putting in place mitigation actions, for instance, warehouse surveys for additional storage locations.

2. Seeking alternative options introduces new risks that require assessment. Different supply chains may be established, that introduce new partners, transit locations, geographic exposures, modes of transport and even packing methods. All may give rise to different threats and there is no guarantee that the risks faced in the past also apply to these newly established supply chains.

Altering the mode of transport may lead to changes in handling activities, temperature and humidity on the route, theft exposure and forces that the shipment is exposed to. There is nothing wrong with using an alternative transport mode provided that the potential new exposures are identified and actions are taken to mitigate the risks.

Examples include:

- The customer elects to change from ocean to air shipments. The customer usually loads the ocean container at his site, is familiar with the pre and post trucking as well as managing the unloading at the destination site. Now the cargo goes through a different process: it is trucked to a freight forwarder warehouse and then to an airport ground handling location for loading into an airfreight container. The shipment could be stacked with other cargoes, and spend time outside waiting to be loaded onto the aircraft. The additional handling and potential weather exposures provide new risks to be considered.

- Airfreight can be transhipped en route with associated handling, weather and theft related risks. Finally, there is the final delivery from the airport to destination premises to be considered. Often the airfreight carrier has its main location in another city from where the cargo is booked to arrive. The cargo will be flown to the main location and then transferred by truck to the airport where it is booked to arrive. This is called a Road Feeder Service (RFS). The risk assessment of a supply chain must include the RFS to derive the full benefits.

The gravity forces experienced by cargo in transit varies considerably by the type of conveyance whether it be road, rail, ocean or air. Switching modes of transport in a supply chain, exposes the cargo to new forces and potentially greater chances of damage. Examples of damage include sensitive equipment being beyond repair due to the higher shocks in rail movements, or inexperienced warehouse staff loading containers for ocean shipment without lashing the cargo - the rolling forces may cause the cargo to be destroyed if it moves in the container.

> "Different supply chains may be established, that introduce new partners, transit locations, geographic exposures, modes of transport and even packing methods."

3. **A combination of 1 and 2** makes sense from a customer prioritization point of view and is used frequently. A part of the supply chain continues normally, but for certain customers or products alternative solutions are used to either reduce cost or speed up the supply chain. These alternative solutions may lead to similar risk challenges described in scenario 2.

4. **Electing to postpone shipments now** can be an economically sensible decision, but it potentially gives rise to new risks. For instance, increased values held in store at the origin location may lead to warehouses reaching capacity. Any additional locations will require a complete risk assessment to ensure their suitability for purpose and to ensure protections against fire, theft, damage, humidity and weather and natural hazard risks.

5. **Stopping production** obviously eliminates the marine risk, but if production is moved to a new location then the customer needs to address the same issues as outlined in scenarios 1 to 4.

Overall, global supply chain disruptions have resulted in businesses having to consider new challenges in delivering their products to their customers. It has driven new business challenges and choices to be made. As an insurer, we have monitored developments closely and our experts are working with our customers to help manage and mitigate the changing risks they face – whether it be our underwriters providing insurance coverage or our risk engineers advising on actions to reduce risk exposures.

“Overall, global supply chain disruptions have resulted in businesses having to consider new challenges in delivering their products to their customers.”

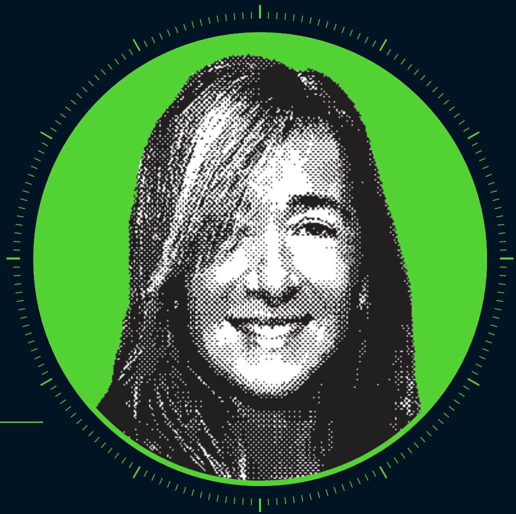
Howard Kingston is the Global Head of Marine in the Commercial Insurance Unit at Zurich Insurance Group with responsibility for establishing the strategy and leading the business written in over 20 countries. He has over 35 years experience in the insurance industry with the last 30 of them at Zurich in a variety of underwriting and leadership roles, primarily in marine but also in the other Financial & Professional Lines. Howard is an ACII and a graduate of the University of Manchester.

Björn Hartong, a senior professional in protecting company assets with proven contribution to organizational profitability, joined Zurich Risk Engineering in 2017. Björn is the Global Head of Marine and Security for Zurich Resilience Solutions. He has developed the Marine Risk Management Strategy service to support Zurich Marine Insurance in the evaluation and improvement of supply chains and helping customers on managing identified risk. Before joining Zurich Risk Engineering he was involved for over 20 years in various roles in logistics, security and supply chain performance from different points of view. Björn has studied economics and logistics, holds a Master of Science degree in Corporate Security Management and an MBA. He is also a board member of TAPA EMEA, a longstanding member of ASIS and is CPP (Certified Protection Professional) certified.


MDS
2022
2022
MDS
MDS
FULLCOVER

Ever Given

Insurance and legal implications



by **Anna Mestre** Founder & Managing Partner, Mestre Abogados

The worldwide marine traffic rose shocked in the early morning March 23rd 2021 with the news of the Suez Canal's blockage. The Suez Canal, one of the most important commercial arteries of the world, carrying 13.5% of the world's freight, was blocked due to the stranding of the M/V EVER GIVEN. The stoppage lasted only 6 days but resulted in a massive traffic jam of over 370 ships for which Lloyd's reported losses to the tune of $9.6 billion in global trade or, in other words, $6.7 million of trade lost for every minute in which the canal was out of action. In turn, once the passage was clear and active, both ports and carrier's schedules were off creating congestion in most ports of destination, provoking delays, and many missed port calls.

The carriage of goods by sea has become the core of international trade, with a recorded transport of more than 11 billion of tons of cargo annually, according to the UNCTAD[1]. The incident of the M/V EVER GIVEN has shown how fragile the marine and logistics' structure can be and the severe consequences of the world's globalization.

The insurance implications of that stoppage are numerous: from liabilities arising from cargo loss and delays to insurance claims and port congestion, together with its impact in the worldwide logistics.

Regarding cargo insurance, the gold standard and the most used by the industry are the Lloyd's Institute Cargo Clauses "A" (hereinafter, ICCA), which are commonly incorporated in most cargo insurance policies by insurance companies worldwide.

The ICCA constitute what is commonly known as an "all-risks" insurance covering any damages of the cargo during transportation. However, not all damages are covered, as clauses 4 to 7 deal with various exclusions. Among those, clause 4.5 excludes "*loss damage or expense caused by delay, even though the delay be caused by a risk insured against*" except expenses payable under the General Average clause (clause 2); whilst clause 4.4 expressly excludes from coverage any "*loss or damage or expense caused by inherent vice or nature of the subject-matter insured*".

Thus, any claims arising from cargo losses, resulting from the delays caused by the incident (i.e. shipments of perishable goods) would not be covered by the ICCA, nor would any additional damages resulting from the delay.

Regarding liability Insurance there are various claim scenarios. In the first place, regarding cargo on board of the M/V EVER GIVEN, General Average contributions would be covered under clause 2 of the ICCA (always provided that any charges were incurred in order to avoid a risk covered by the ICCA clauses, which would in turn depend on what risks were avoided according to EVERGREEN). Secondly, any claims derived from cargo carried in other vessels, related to pure delays/congestion.

Liability will be focused mainly on freight forwarders and shipping lines, as they would be *-prima facie-* liable for both, delays and cargo loss, all in all, without prejudice of any potential exceptions.

The Hague-Visby rules (as applicable to most shipping contracts) do not deal with damages arising from delays, which could lead to further discussion depending on the jurisdiction where the claims are handled. Under Spanish law however, the Spanish Navigation Act (LNM) specifically deals for damages arising from delays, which are indemnified at maximum of two and a half times the freight.

Amongst the potential defences to be brough by carriers under clause IV of the HV Rules, in case of perishable goods, it would be possible for carriers to argue that the losses are due to "*inherent defect, quality or vice of the goods*", which according to clause IV.2.m) would impede carrier's liability under the Hague-Visby regime.

In addition, the carrier may still be covered by the statute limitations under clause IV.5, unless the damage arose from act or omission of the carrier done with intent to cause damage, or recklessly and with knowledge that damage would probably result (i.e. wilful misconduct).

Further, it should be considered that most of the claims shall be paid pro-rata from the limitation fund of $115 million based on the vessel's tonnage set up by order of the Admiralty Court in London on the grounds of the International Convention on Limitation of Liability for Maritime Claims 1976 (LLMC76), as amended by the 1996 Protocol, unless proven that the loss was caused by the shipowner's intentional or reckless conduct (article 4). Barring the limitation of liability has proven a difficult, nearly impossible mission, as per the available precedents.

Finally, the carrier might rely itself on the Article IV (2) (a) of HV, to shield against any third party's claims invoking *"act, neglect, or default of the master, mariner, pilot, or the servants of the carrier in the navigation or in the management of the ship" (i.e.* nautical fault exception). Here, it will be interesting to see the impact of the recent ruling on the M/V CMA CGM LIBRA, (*The CMA CGM Libra* [2021] UKSC 51) where the English Supreme Court has decided that the defective passage planning amounted to the unseaworthiness of the ship (and not a nautical fault) because it jeopardized the safety of the ship by generating the risk that finally materialized in the vessel's grounding.

1 United Nations Conference on Trade and Development

"The insurance implications of that stoppage are numerous: from liabilities arising from cargo loss and delays to insurance claims and port congestion, together with its impact in the worldwide logistics."

Anna Mestre is the founder and managing Partner of Mestre Abogados SLP, with head office in Barcelona (Spain) since 1994. She lectures at the Masters in Shipping at the UPC Polytechnic University of Barcelona and is a regular lecturer at different International Forums. She is member of the IBA (International Bar Association), CMI (Comité Maritime International), and ICMA (International Congress for Maritime arbitrators), amongst others.

The day a ship blocked sea traffic

An adjuster's view

by **Felipe Díaz Pintos** Head of Commercial and Business Development, Comismar Group

On March 23, 2021, a new maritime incident took place that in a few hours reached a media impact and global economic influence. Beyond the media impact what really matters is the opportunity that this type of maritime accident offers us for open analysis, collective reflections and the implementation of corrective measures and joint improvements in all orders and levels associated with international maritime transport and interests to those who serve.

The incident

We will not know the cause of the incident for many months, probably years. Not many details have been given, in order to explain it we have to enter the realm of conjecture. As is often the case in these types of casualty, it is very likely that there was not a single cause but a combination of several. Nor is it available to us, despite the time that has elapsed, information about the status of the legal process of the multiple claims, actually an inextricable crossover of claims, between the parties involved. Meanwhile, Ever Given took about 8 months for her operational return.

EverGiven time-log – 8 months for operational return:

Fact (2021)	Date
Stranded	MAR 23rd
Refloated	MAR 29th
Inspected for seaworthiness	MAR 31st
General average declaration	APR 1st
Seizure (ship+cargo)	APR 7th
Negotiation Agreement	JUL 4th
Released	JUL 7th
POD (Rotterdam) Arrival	JUL 29th
All fast (Qingdao) for repair	OCT 4th
Repaired and on duty	NOV 15th

For what the root cause concerns it is almost clear each party had observed as follows:

SCA Suez Canal Authority	Ship's Owner
Ship propulsion and/or steering failure	Meteo
Black-Out	Lack of foresight on towing
Human error	Visibility

The incident involves such a huge ship that as it passes through the Canal it is very close to the access limits. Suffice it to say that from the bridge to the surface of the sea there are about 50 meters high and its dimensions complicate its steering in close water in addition to the bank effect.

Moreover the wind is a relevant fact rather than for any other type of smaller vessel. For example, the sail area of the largest sailboat (5-mast Clipper type) is approximately 5,000 m2 while the ship's side of Ever Given (hull screen + containers) is about 20,000 m2. Experts have estimated a force of 280 t on the Ever Given with a 30 knots wind. (A large tugboat generates about 80 t). And according to our information the ship suffered sand storm and winds (BF 7-8) of 44 knots.

An excavator attempts to free the front end of the "Ever Given"

A complex maritime issue

The issue at Suez Canal is one of the most complete and complex maritime accidents in the field of claims and actions taken by the parties involved, although direct damage related to the goods transported, except for possible perishable cargo, are not key issues of the case. The containers that COMISMAR has had the opportunity to inspect for its clients were transporting manufactured products or capital goods, all of which were found to be in apparent good condition.

But a seizure of the vessel took place by Suez Canal Authority (SCA) in which the issue gets a duplication of the actions (grounding + detention), general average was declared by Ship's Master / Owners (with the consequent surprise for a large number of importers without cargo insurance coverage for it) and established legal defense and position by each of the parties.

The main actors are SCA and Ship's Owners but we can observe also the following ones, according to its respective position in the claim:

Plaintiffs	Defendants
SCA	Owner of Ever Given
Cargo interests on board	Time Charterer of Ever Given
Owners/Charterers of vessels delayed during the six days blockage	Owners/Charterers of delayed vessels
Cargo interests on board delayed vessels	Contributors to General Average claims
Others	Insurers

Of course, as a consequence of the stuck and the beginning of the claims, the following main insurances were surely activated:

TRANSPORT	CARGO

HULL & MACHINERY (H&M)
- Hull damage
- Canal damage (Fixed and Floating Objets – FFO)
- General average (GA)
- Salvage contribution coverage

LOSS OF EARNINGS
- Loss of hiring Ins. (LoH)
- Strike & delay Ins.
- Blocking & trapping Ins.

PROTECTION & INDEMNITY (P&I)
- Loss of reputation
- Claims for obstruction / loss of revenue
- Canal damage (FFO)
- Non-recoverable general average contributions, pollution, special compensation
- Responsability for cargo and fines

RE-INSURANCE
- From USD 100M up to USD 2,100M

FREIGHT FORWARDERS
- Freight Forwarders Liability insurance (FFL)

INSTITUTE CARGO CLAUSES (ICC)
- Cargo direct damages
- Coverage of contributions to general average and salvage

Exclusions
- ICC Exclusion of delay and potential losses (except extensions)
- Delay in Start Up (DSU) / Advance Loss of Profits (ALOP)

> As is often the case in these types of casualty, it is very likely that there was not a single cause but a combination of several."

Satellite imagery of the container ship (EVER GIVEN) stuck in the Suez Canal, Egypt

Legal actions

From the first moment of the incident, each interest or party involved carried out the respective claim and defensive actions. These movements can be summarized in two main fronts: On the one hand, the Suez Canal, with the legal backing of an entire sovereign country (Egypt) versus the ownership. On the other hand, the responsibility of the shipowners vis-à-vis the owners of the cargo they transport and the shipowners of the vessels affected from the blockade.

Main actions and relevant legal steps could be summarized as follows:

Suez Canal

Ship's Owner

The first objective is the establishment and consolidations of jurisdiction

1ST STEPS

Suez Canal:

- Ship's arrest by Ismailia Economic Court (Arrest Convention 1952)
- "In Rem" and "In Personam" legal claim
- Counter guarantees

Ship's Owner:

- Non liability declaration
- Limitation reference at London Admiralty Courts (Limitation Fund Convention 1976)
- Anti-Suit Injuction (jurisdiction)

CARGO OWNERS

- General Average Declaration
- Liability limitation for cargo damages

SHIP'S OWNERS INSURANCE

- Salvage Guarantee activation
- General Average Guarantee activation

Then both parties proceed to finalise the issue and the burden of proof works in their favour.

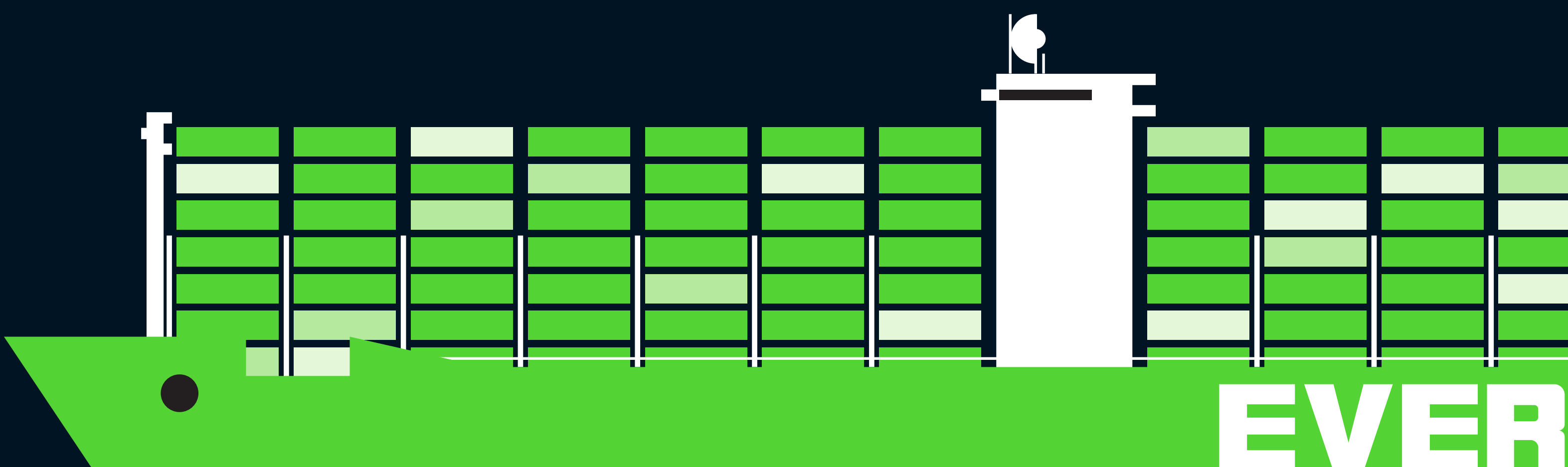
2ND STEPS

Suez Canal:

- Hamburg Rules Sue
- Strengh for ship's seizure (to broke Limitation limits)
- Unseaworthiness of Vessel
- D Rule (YAR) for General Average (without prejudice liability)

Ship's Owner:

- Seaworthiness documentation
- Exonerative issues: Force Majeure
- Arbitration
- Asking for General Average contribution



EVER GIVEN: did you know?

_ The container ship “Ever Given” with the panamanian flag has 265,876t of dead weight, 400m in length, 60m in beam, a draft of 16m and is capable of transporting 20,388 TEUs.[1] It was built in 2018, the shipowner is japanese and its operator from Taiwan, the Evergreen company.

_ Estimated amounts then: vessel USD 115m + cargo USD 540m + containers USD 27m = USD 682m

_ Days pass after blockage, more than 400 ships lining up in the north-southbound waiting areas.

_ 11 Tugboats + 2 dredgers were needed to refloat the ship during 3 days. Unfortunately the loss of a human life took place. A tug also sank.

_ First Suez Canal claim to ship’s interests was about USD 916m. The second claim was reduced to USD 614 m. The final amount agreed in the negotiation between the parties, which lasted approximately 4 days and allowed the ship to be released, is unknown.

_ Ikea, Nike and Lenovo were cargo interest parties, among thousand of others.

1 Twenty-foot equivalent unit

Types of claim

There is not detailed information about the legal process but whereas the legal basis for claims involved are Ex contractu (e.g. under time charter or Bill of lading), Ex delicto (e.g. delay caused in a contractual performance by a third party) and Ex quasi contractu (e.g. bailment) the following types of claim[1] are being dealed:

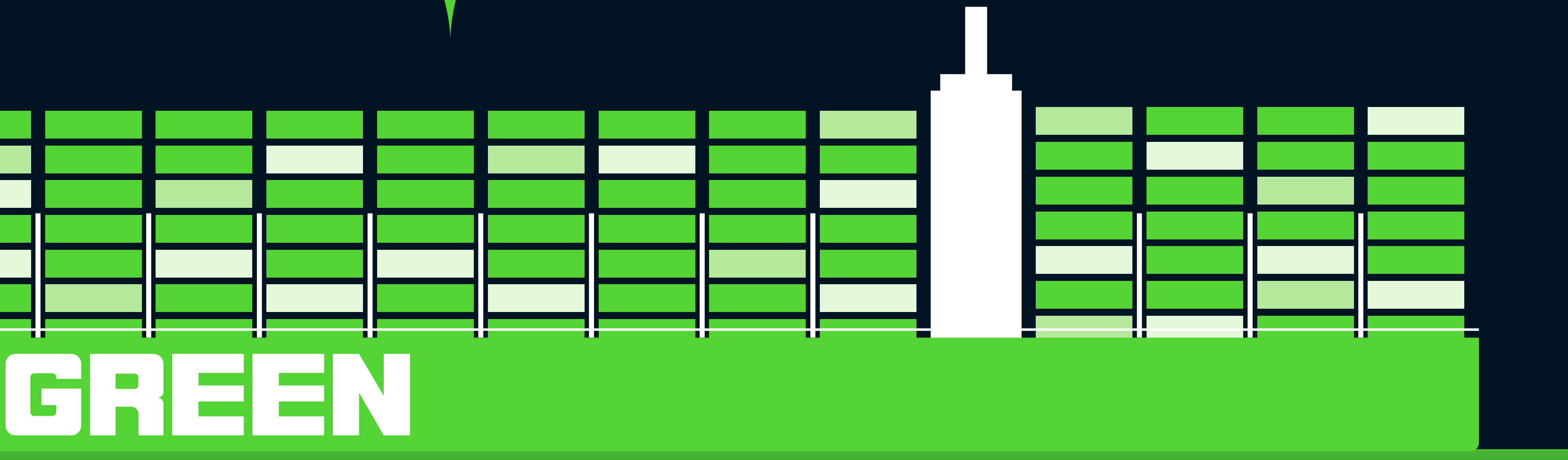
a. Salvage – Suez Canal Authority (SCA) requested initially security for a claim up to USD 916M (USD 272M for expenses + USD 300M salvage bonus + USD 344M damages), which was lowered to USD 600M. The claim apparently encompassed physical damage to the Canal, loss of revenue due to blockage and loss of reputation as well as salvage reward. SCA has exclusive rights to salvage operations in the Canal.

b. Loss/Damage to cargo – Filed at the port of destination.

c. Delay (may have caused cancellation of charters, off-hire disputes, cargo deterioration, damages for deviation) – Rights may have been exercised and, if disputed, may be submitted for resolution to court or arbitration.

d. General Average contributions – Owner of EVER GIVEN already declared General Average and asked cargo interests for security. Depending on the version of the York-Antwerp Rules that has been agreed in the charterparty and effectively incorporated in the bills of lading, it will be determined if salvage costs fall in General Average. But prior to that, it must be decided if the event (grounding + detention) posed a threat to safety of ship and cargo. However, the detention was imposed after salvage operations had been terminated.

1 Applicable law: many different laws could apply (lex loci delicti, lex contractus, etc)



In the end, costs are passed on to users and final customers

This type of incident is finally borne by the users of services and products for consumption in a global economy, meaning a rise of prices. For example 13 million barrels in 10 ships were paralyzed for 10 days explaining the rise of crude oil prices. About 400 affected ships with their respective cargo (stratospheric figures about the value of the goods that daily pass through the Canal) were stopped.

The estimated USD 400M per hour (plus rescue values) due to this stoppage has a simple explanation in the philosophy of global logistics "Just in Time" and direct consequences in final customers. Maritime transport cannot be directly blamed because there is not a single legal framework, nor a clear understanding in terms of delays, nor are they up-to-date in the global economy.

No single legal framework

The Ever Given issue reflects the lack of a legal structure recognized by all interests associated with maritime transport. To determine the applicable jurisdiction is the first concern. Some of the main regulations referred to in transport contracts (Hamburg, The Hague-Bisby, York-Rotterdam, etc.) have differences in important matters such as the limitation of liability of the ship in front of shippers. The self-legislation of the Suez or Panama canals in front of their users does not help so much for a clear legal frame.

No doubt about the good management and performance that UNCITRAL[1], UNCTAD and CMI do for this challenge but a complementary effort is necessary to overcome self-interests for the benefit of international maritime transport and trade.

1 United Nations Commission on International Trade Law

A couple of notes about the Suez Canal

_ Some 19,000 ships passed through the Suez Canal in 2020, about 52 ships a day, transporting about 1,170 M tons in the year, which represents 11% of world freight traffic and 27% of containers. The channel's annual turnover is about USD 5.5 billion.

_ Suez Canal is not covered by UNCLOS.[1] Suez Canal Authority (SCA) manages, operates, uses, maintains and improves the Canal. As regard to the salvage, SCA undertakes salvage works itself and only looks for foreign help when it accepts a job beyond its capabilities.

_ SCA Navigation Rules are extensive and updated regularly. SCA Navigation Rules includes compulsory pilotage (by SCA Pilot Staff) and responsibilities to the ship's interests.

_ As the pilot assistance by SCA may vary according to the ship´s characteristics and dimensions, the ship builders adjust it to save toll fees… but assuming less pilot assistance.

1 United Nations Convention on the Law of the Sea

Large transport container vessel ship MSC passing a sharp bend of the Suez Canal, Egypt

“This type of incident is finally borne by the users of services and products for consumption in a global economy, meaning a rise of prices.”

Tugboats and excavators take part in the refloating operation carried out to free the Ever Given

General what?… General Average

“Ever Given” has generated what will be one of the most interesting general average cases the world has yet seen, but what does General Average mean?

As a maritime concept from a distant past in which ships were more expensive than the goods transported General Average means, literally, a general loss. When General Average is declared (by Sea Master or Ship’s Owners), not only are ocean carriers not liable for loss or damage to cargo, but every cargo owner is actually responsible, in part, for the cargo of others, as well as the ship itself. A classic example of a General Average sacrifice is jettison to lighten a stranded vessel.

Definition of General Average:

1 An extraordinary sacrifice or expenditure,
2 Intentionally and reasonably made,
3 For the common safety,
4 For the purpose of preserving values from a marine peril.

The interests involved will have to prove to the appointed general average adjuster, the presentation of the guarantees or cash deposits made (Average Guarantees / Average Bonds), in proportion to the values, in order to release the cargo.

The General Average costs are covered by the standard transport insurance policies but seems 30% of the containers on board “Ever Given” were shipped without transport insurance, so many importers, without such protection, have faced an unpleasant surprise.

For the “Ever Given” issue, the adjustment is contractually agreed in B/Ls and Charter Parties. York Antwerp Rules (YAR) should be applied by average adjusters and salvage costs to be included.

Felipe Díaz Pintos is Head of Commercial and Business Development of COMISMAR Group, the first Spanish inspection and surveying company since 1942 which provides an independent and comprehensive service as marine surveyors and adjusters, loss adjusters, appraisers and consultants in both the Marine and Non-Marine fields. COMISMAR is featured by 14 branch offices in Spain and correspondant Agencies in 174 Countries. Under continuous digitization processes, COMISMAR implements expert and engineer staff with new technologies as UAS/drone, video-survey and 3D virtual photogrammetry services.

Find more about the company www.comismar.es

Maritime security in the 21st century

by **José Domingos Pereira da Cunha**
Retired Vice-Admiral

The maritime domain is central to the global world we live in that faces a number of interrelated risks and threats from different parties. In this complex environment there are wealth producers who, facing new challenges, are exploring sustainable development opportunities; the criminals responsible for a climate of exacerbated disruption through terrorism, piracy, the proliferation of weapons of mass destruction, illegal immigration, drugs and weapons trafficking, and pollution; and those attempting to safeguard resources in their own Exclusive Economic Zones, promote environmental protection and engage in humanitarian activities such as search and rescue, the latter of which is so often necessitated by illegal immigration.

There is growing concern over the circulation of people and goods on the ocean with ninety percent of world trade (USD 4 trillion) following oceanic shipping lanes in over 210 million containers. These in turn are carried by 121,000 merchant vessels that daily cross nine chokepoints (a point of natural congestion along two wider and important navigable passages) headed for 10,000 key harbours all over the world.

Piracy in the 21st century represents an unacceptable threat to the free world, and as such suppressing piracy is key to guaranteeing the freedom of circulation for people and property in our increasingly globalised world. Typical examples of piracy in action include instances on the Gulf of Aden (GoA), the Somali Basin, and, on a different scale and with varying specifics, the Gulf of Guinea (GoG).

The GoA and Somali Basin

Piracy in the GoA and Somali Basin originates from a decision by Somali fishing communities to fight back against unscrupulous trespassers conducting illegal fishing operations or dumping hazardous substances in their sovereign waters. They started boarding vessels and holding crews to ransom including World Food Programme ships. These attacks became an attractive form of employment in a borderless network and ransom demands swelled to millions of dollars. The world did not remain indifferent to the upheaval in the region. Under a United Nations mandate, naval operations were launched by three international organizations — NATO (Allied Provider/Protector, Ocean Shield), the European Union, and US

> The global economy relies on effective shipping lanes and therefore, any threat constitutes a common challenge to all participants in the shipping industry. ”

Combined Maritime Forces (CMF). China, Russia, India, Japan, and South Korea also conducted their own, independent missions.

From 2008 onwards the need for more robust information-sharing and integration across these operations grew, along with a realisation that there was a need for a command & control network to embrace all the relevant parties. Measures and best practices adopted by merchant fleets, including transit along the Internationally Recommended Transit Corridor (IRTC), on escorted convoys or, in some cases, shipping their own security forces, have decisively contributed to a reduction in the number of attacks.

Regional maritime capacity-building was also a key task for organisations intending to train and develop the Coast Guard in riverine countries to transfer anti-piracy efforts over the medium term.

After thirteen years, the number of incidents and hijacking attempts on merchant vessels was practically cut down to nothing, demonstrating that the deployment of naval power was absolutely decisive.

In 2016, NATO decided to discontinue its contribution. The EU however has maintained Operation Atalanta, which will run until December 2022. Its main duties are to safeguard World Food Programme vessels, other vulnerable vessels, and monitor fishing activities on Somali waters.

The other parties, especially the CMF, continue to be active and are still participating in the monitoring and oversight of merchant vessels in their Maritime Security Transit Corridor, which includes the IRTC but extends to the Red and Arabic Seas.

The Gulf of Guinea

The Gulf of Guinea has 5,000 nautical miles of coastline, spread across a dozen or so riverine countries; its ports and port approaches, especially those in Nigeria, Benin, Togo, Ghana, and Ivory Coast are especially vulnerable, due to the number of vessels circulating in the area, without chokepoints or adverse meteorology. The region, which is rich in hydrocarbons, fish, and other resources, has immense trade and transportation potential as a global centre for the supply of energy products consumed in Europe, North America, and Asia. This potential, associated with the region's economic growth, was however put in jeopardy in 2012 as a lack of means for maritime command and control led to an increase in violent attacks on vessels, including hostage-taking, attacks designed to apprehend and illegally redistribute petrol products.

Military intervention on the GoG has revolved around maritime capacity-building focused on the security structures of each state and the implementation of maritime information-sharing. Portugal for example contributed with a patrol unit to São Tomé and Príncipe, maintaining, since 2018, a garrison there, that integrates with the country's armed forces. The US-led war games exercise, ***Obangame Express***, also contribute in the area and are designed "*to improve regional co-operation, maritime awareness, information-sharing practices, and collective tactical area control skills to combat illicit activities at sea*" (Rear-admiral Michael Baze). However, in the near future, it is unlikely that commitments from NATO or the EU to organized military participation will be approved, although there are bilateral actions promoted by those countries with a stake in, or well positioned in the GoG sphere of influence.

Heads of State in the Economic Community of West African States and the Economic Community of Central African States, under the terms of the Yaoundé Declaration, undertook in 2013 to establish an Inter-Regional Maritime Co-ordination Centre in Cameroon. However, just building the Centre, without operations at sea outside the territorial waters of riverine states, such as surge ops, or escort and shipping of security teams, does not appear a viable solution to mitigate piracy in the region.

Synthesis

The global economy relies on effective shipping lanes and therefore, any threat constitutes a common challenge to all participants in the shipping industry. So, any piracy hotspot impacts the world we live in, and make it necessary to demonstrate, on an ongoing basis, that there is existing capacity to secure shipping lanes and reassure those involved in world trade that they can operate freely and confidently. To that end, robust interdisciplinary action and collaboration are indispensable when it comes to surveillance, information-sharing, prevention, and combat against the nightmares that imperil freedom of circulation anywhere and everywhere on the ocean.

Retired Vice-Admiral **José Domingos Pereira da Cunha** was Vice-Chief of the Portuguese Navy Staff; Naval Operations Commander; Joint Chief of Staff (EMGFA); Commander Standing Nato Maritime Group One (CO OPS Allied Protector, Ocean Shield, and Active Endeavour); Flotilla Commander; Escort Squadron Commander; PONavy Task Force Commander; Commander Portuguese Immediate Reaction Force; Commander of NRP Vasco da Gama, NRP Quanza and NRP Cisne.

PIRACY

Piracy in 2022

Where are we now?

by **Clive Stoddart** Founder, Servatum

Between 2009 and 2011, we saw unprecedented activity in the Indian Ocean and to a lesser extent off the coast of West Africa.

At the time I had the responsibility for a broker's global K&R activity which extended to include piracy. A report we produced at the time examined such things as volume of attacks on vessels in different zones of the Indian Ocean; types of vessels being targeted at what time of the day… the figures were plentiful and fascinating. Times have changed as activity has waned and vessels are typically passing through the area with increased awareness and greater security than 10 years ago.

This 2-year period saw enormous and unprecedented change in risk. To put that into perspective, it took 30 years to build a sustainable market for land-based kidnap for ransom insurance which was basically matched in 24 months by shipping companies realizing that if they wanted the full benefit of coverage (including access to "response consultants" and specialist delivery of ransoms), then they would have to purchase the maritime piracy products being offered by established K&R insurers at quite considerable additional cost.

Of course the premiums were high given the risk profile… but the costs associated with payment of ransom, consultants' advice, legal fees and delivery were also substantial. This was a time of learning quickly from experience as well as negotiating with calculating and equally committed local (typically Somali) negotiators.

Today, things have changed significantly with a return to maritime crime involving robbery and theft on a regular basis and some isolated incidents of piracy being reported almost as an opportunistic activity when the stars are aligned. This is coupled with very real complications over paying ransoms to terrorist organizations in breach of international law.

Various explanations can be offered

The Somalis made a lot of money but it hasn't necessarily brought happiness to them. Increased attention from foreign powers policing their waters and being branded as "terrorists" have largely thwarted their activity.

Holding boats is a complicated activity and even the Delta area of Nigeria is not as easy to access as it might have been. Increased vigilance from local forces has meant that any pirate has to be prepared to face increased force to stop them in their tracks.

Global authorities have increased their activity to secure oceans from human and drug trafficking as well as other criminal activity.

Shipping companies have grown more accustomed to securing lower and slower vessels with armed guards and other measures to deter would be opportunists.

Western Africa saw a period when perpetrators were trying to steal cargo rather than hold vessels for ransom. This has continued to be a threat to low lying smaller tankers whose cargo is of more value on the black market than the trouble of holding a vessel and its crew for ransom.

The focus has undoubtedly been on Somalia and the western coast of Nigeria. Increasingly I believe that P&I clubs and the traditional marine hull and cargo insurers are better equipped to assume the role of insurance against the more traditional risks of theft of equipment and cargo as well as violence towards crew.

There have been moments of attention given to offshore oil installations but in reality, these have been fairly few and far between.

Despite gloomy assertions from well-meaning insurers and brokers alike, I believe that we are a long way forward from the situation as it was let's say in 2011. The Singaporean Straits, the Gulf of Guinea and the Indian Ocean remain hot spots… having the potential for attacks from violence against ships and their crew. There are reports of would-be attackers being prepared to venture further from their shore base and also being prepared to "adopt" mother ships (typically fishing vessels) for use as a conduit for more brazen attacks. It would be completely wrong of me to say that there is no risk… and for badly equipped vessels or crew doing something irresponsible, those risks can quickly become multiplied and real.

Generally speaking, savvy shipowners with professional crew are significantly safer than those who do not take adequate precautions. International shipping bodies have re-defined the High Risk Area (HRA) of the Gulf of Aden and Indian Ocean and whilst advocating compliance with BMP5[1] now perceive a global threat to shipping rather than a threat focused on Somalia or anywhere else. Indeed, the existence of threats off the coast of Peru and in the Gulf of Mexico underline a widespread risk for those caught unawares.

As a final thought, it might be opportune to consider the role of insurance advisers. The additional cost to insure against threats to either ships or crew can make the difference between profit and loss. It is true of all threats and all risk to property or employees that adequate precautions should be taken against the unforeseen. Insurance is a way to reimburse an Assured against costs incurred against piracy but the flavour of the reimbursement needs to be tailored to the right risk your client is trying to protect against… if in doubt, always seek advice from a trusted and knowledgeable adviser.

For good, sensible advice on the latest perception of high-risk areas, the Lloyd's Market Association Joint War Committee[2] publishes advice on matters associated with War, Terrorism, Piracy and associated risks and I have always taken their stance as being representative if not definitive when considering the current updated situation.

1 Best Management Practices to deter piracy and enhance maritime security in the Red Sea, Gulf of Aden, Indian Ocean and Arabian Sea, published in 2018 and available at https://www.maritimeglobalsecurity.org

2 https://www.lmalloyds.com/lma/jointwar

> "The additional cost to insure against threats to either ships or crew can make the difference between profit and loss."

Clive Stoddart started his insurance career at Sedgwick in 1983. He became Managing Director of ASM in 2005 and was Managing Director of Hiscox ASM between 2007 and 2009 before becoming Global Head of Kidnap for Ransom at Aon. He founded Servatum Limited in 2012, a specialist consultancy firm offering advice on insurance products for kidnap, piracy, fine art and equine products particularly focused on the Latin American market.

PIRACY

No rest for the weary

by **Iulia Simon** Senior VP Marketing, CH Toro International

"Unfortunately, Coronavirus created a shift in the governments' attention to the pandemic and away from security issues, thus creating more convenient circumstances for the pirates."

"There's one sure thing about the world: it's unpredictable." This was our motto since we started to work in the area of Kidnap and Ransom, 32 years ago. As specialized Brokers for Kidnap and Ransom Insurance, we are aware of the different crime surges, of the new methods criminals are using to get money, and we always advise clients on the changes that are happening.

Individuals and corporations must be prepared for any unexpected risk, including the possibility of Kidnapping, Extortion, Piracy and Illegal detention. An unpleasant possibility but one that can – and must – be addressed.

All these incidents can have considerable capital and emotional consequences. That's why we think there is a need of a specialist that can address the different type of risks and can advise for the right amount of coverage and, most importantly, the right type of coverage. Choosing the insurance company most capable to answer the specific needs of clients, evaluating the benefits the policy must include, are all part of our work as specialized consultants.

Piracy initially was one of the risks that was considered under the Kidnap and Ransom policy until it exploded into a crime with a different profile. Slowly, we had to make some changes in our approach and treat it separately from the traditional Kidnap and Ransom, because it had different and more complicated consequences. So a new insurance policy was developed through the years addressing this specific type of risk. We began, immediately, reevaluating client's profiles, and shipping companies were analyzed to make sure the risk is covered from all the complications that can arise.

Like any crime, piracy had moments when the risk was extremely high, as well as years in which the damages created by piracy affected companies with considerable losses which generated a strong reaction from the marine industry and from governments. These actions decreased the risk considerably, but unfortunately, Coronavirus created a shift in the governments' attention to the pandemic and away from security issues, thus creating more convenient circumstances for the pirates. New territories show an increase in piracy incidents, and new methods are used by pirates. Therefore, we try to always be aware of these new changes to make sure clients are informed and protected. The crews are diminishing due to Covid-19, and that makes also the ships more vulnerable. The uptick in piracy in different regions that did not suffer from piracy before, reflects exactly that.

So as the saying goes "there is no rest for the weary," we cannot just accept that the risk went up or down. We must always be aware of our changing world, and it is our duty to inform the client about those changes. We pride ourselves to be a step ahead, to have a profound understanding of these risks, to know the regions where pirates or kidnapers prowl for their victims, and to make sure the lives and net worth of our clients are adequately protected.

Iulia Simon has over twenty years of experience in evaluating, designing, and implementing specialized risk programs for the institutional and corporate market. In her current role as Senior VP Marketing at CH Toro International Ltd, Iulia works with financial institutions, multinational companies, and government entities through a network of local consultants, developing marketing strategies for special risk insurance in Asia, Europe, and Latin America.She is actively involved with several Chambers of Commerce and professional associations, such as Brokerslink, FEM and STEP. Her extensive knowledge and experience in the international market endorsed her as a top reference name for crisis management solutions. Iulia strongly believes that although we can´t control a risk, we can mitigate the consequences by implementing the right security procedures. In an effort to bring awareness, she is very dedicated to offer presentations for diverse audience of professionals. She has a deep background in finance and holds a degree in International Marketing Management.

A SAFER ENVIRONMENT

Pollution at sea

The essential role of P&I Clubs

by **Juan Zaplana** Claims Manager
& **Maitane Tarrio** Claims Executive
Steamship Mutual P&I Club

Shipping is essential for world trade, a fact that often eludes the consumers of the goods carried by sea, and it is unfortunately the case that all too often the spotlight only falls upon the shipping industry when casualties occur. Many may recall news reports covering vessel casualties and the environmental impact that may arise in the event of there being oil pollution, such as was the case in the relatively recent grounding of the bulk carrier “Wakashio” off Mauritius in July 2020, resulting in a significant spillage of bunker fuel oil into a sensitive maritime environment.

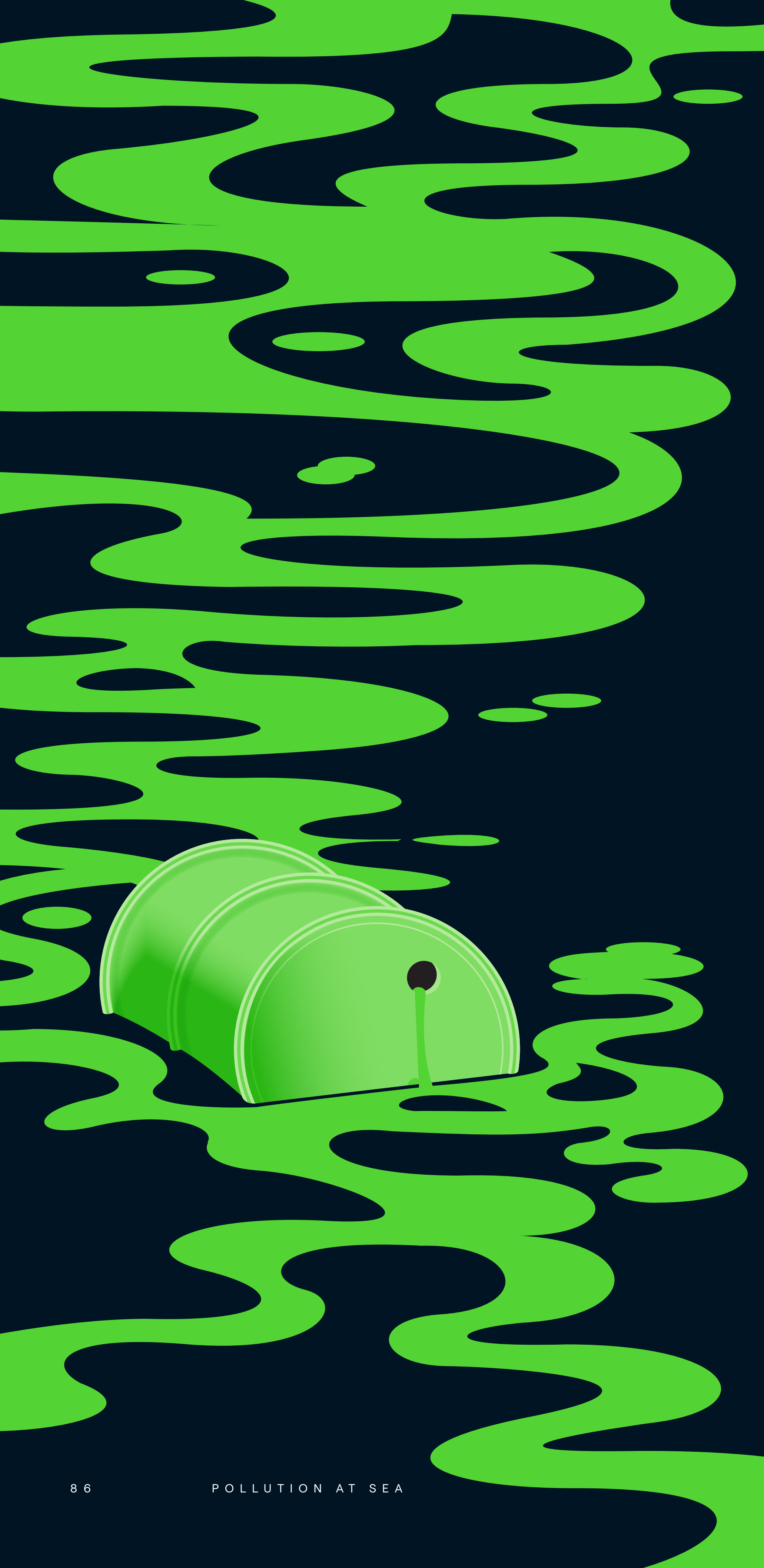
> “Oil pollution liabilities covered by P&I Clubs can generally be divided into two groups: oil pollution arising from oil tankers and bunker spills from any type of vessels entered with the Clubs.”

The carriage of goods by sea is, by its actual nature, a venture perennially beset by risk, and many in society would be unaware of the legal implications and liabilities that arise from shipping casualties. As the “Wakashio” incident demonstrates, those risks can be very substantial with the potential to jeopardise the existence of the shipowner in the absence of insurance protection. The compensation that may be due to the victims of maritime casualties and any associated fines can be very significant for a shipowner and they are protected in respect of that financial exposure by the insurance coverage of Protection and Indemnity (P&I) Clubs.

The Clubs provide cover for liabilities, losses, damages, costs and expenses caused by or as a consequence of the escape or discharge (or threatened escape or discharge) of oil or any other substance from an entered ship. This may include measures taken to clean-up any pollution, the cost of steps taken to prevent an imminent danger of pollution plus compensation for loss, damage or contamination arising from the escape or threatened escape of oil.

Oil pollution liabilities covered by P&I Clubs can generally be divided into two groups: oil pollution arising from oil tankers and bunker spills from any type of vessels entered with the Clubs.

Volunteers clean the ocean coast from oil after a tanker wreck in Mauritius



Oil Pollution caused by oil tankers

The International Maritime Organisation (IMO) developed the Civil Liability Conventions 1969 and, more latterly, 1992 (CLC 92[1]) to govern liability for oil pollution from tankers.

CLC 92 provides the framework for the first tier of compensation to be paid by the owner of a tanker causing pollution damage, with 'oil' defined to include any persistent hydrocarbon mineral oil, such as crude oil, fuel oil, heavy diesel oil and lubricating oil.

Under CLC 92, the owner is strictly liable for any oil pollution damage from its ship unless the circumstances fall within one of the stated exceptions from liability. These exceptions are very narrow and will only apply in very limited circumstances so in general there is an obligation to pay compensation even if the pollution incident arose where there is no fault on the part of the owner.

In exchange for accepting strict liability, the owner is permitted to limit its liability by reference to the tonnage of the ship and those ships carrying more than 2,000 tons of oil in bulk as cargo are required to have in place financial security to meet the owner's liabilities under the Convention.

The IOPC Funds

In addition to the compensation due from the owner under CLC 92, a second tier of compensation for oil pollution is available under the 1992 Fund Convention[2]. The Fund provides compensation up to SDR 203m (approximately US$ 285m) paid for by a levy on the receivers of oil in States Parties to the Convention. Approximately 32 States are also signatories to the Supplementary Fund, a third tier of compensation up to approximately US$1 bn. These second and third tiers of compensation are administered by the IOPC Funds[3].

“P&I Clubs play a crucial part providing the financial security owners need to meet their obligations under these International Conventions.”

Vessels entered with the P&I Clubs are automatically enrolled with the International Tanker Owners Pollution Federation (ITOPF). In the event of a spill or threat of a spill of oil, chemicals or other substance in the marine environment ITOPF’s technical advisers are available to attend the location on a non-profit basis and provide invaluable assistance to local governments or authorities in how best to respond to the incident and thereby assisting in mitigating cost for the shipowner and the Club.

P&I Clubs have a vital role in society through the Club’s insurance coverage and incident handling to ensure that not only the shipowners’ liabilities are protected but more importantly the victims of pollution incidents receive fair compensation as promptly as possible and that the environmental impact is mitigated effectively.

1 The Convention applies to pollution damages arising within the territory, exclusive economic zone or equivalent of a State Party to the Convention. The CLC92 has been ratified, at the time of writing, by 145 State Parties to the IMO.

2 The Fund Convention has been ratified, at the time of writing, by 118 States Parties to CLC 92.

3 The IOPC Funds are intergovernmental organisations with headquarters in London.

4 Under the “Bunker Convention”, Bunker Oil includes ‘any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for the operation or propulsion of the ship, and any residues of such oil’.

Bunker spills

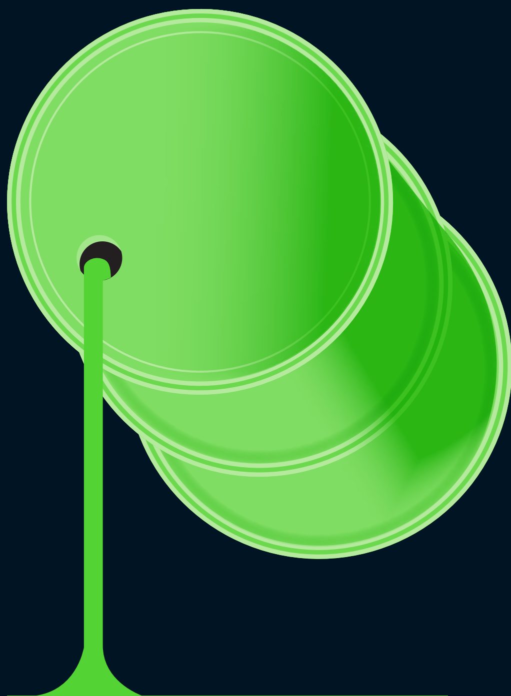
Oil[4] is of course carried on board all types of vessel in the form of fuel, or bunkers. The International Convention on Civil Liability for Bunker Oil Pollution Damage 2001 (the ‘Bunkers Convention’) came into force in 2008.

While CLC 92 requires the oil to be persistent, the Bunkers Convention applies to spills of any oil types provided they are used or intended to be used for the operation or propulsion of the ship.

The Bunkers Convention regime is similar to CLC 92 save that it is a single tier compensation regime and the limit of liability of the owner is determined by national legislation or an international limitation regime (such as the Convention on Limitation of Liability for Maritime Claims, or LLMC) where applicable.

Like CLC 92, for ships with a gross tonnage of greater than 1,000gt, the Bunkers Convention requires the registered owner to maintain financial security to meet its obligations under the Convention.

P&I Clubs play a crucial part providing the financial security owners need to meet their obligations under these International Conventions, achieved by issuing certificates known as Blue Cards to demonstrate that the ship has insurance to cover these liabilities.



Juan Zaplana is a Claims Manager in the European Syndicate at Steamship Mutual P&I Club in London. Juan qualified as a lawyer in Spain and completed a LLM in Maritime Law. He practiced law in Spain and worked for the TT Club and as a P&I Correspondent in Barcelona prior to moving to London. He has 12 years extensive experience at the Club in handling major claims across all disciplines of P&I and FD&D. Juan is also a lecturer to the Spanish Association of Maritime Law and to visiting students from Masters in Maritime studies.

Maitane Tarrio is a Claims Executive at Steamship Mutual. She qualified as a lawyer in Spain and after having numerous experiences in leading law firms she studied a LLM in International Maritime Law in Swansea, UK, and then worked at another IG Club before moving to Steamship. She handles a large variety of P&I claims together with FD&D, affording her a broad knowledge of the P&I industry.

Steamship Mutual is one of the largest and most diverse P&I Clubs in the world, and a member of the International Group of P&I Clubs participating in the International Group Pool.

A SAFER ENVIRONMENT

Energy transition in the commodity transportation sector

by **Filipe Moura** Associated Professor
& **Vasco Reis** Researcher
Instituto Superior Técnico (University of Lisbon)

> “Railways for example present the opportunity for significant advances and have the potential to make a major contribution toward decarbonisation.”

In 2019, the amount of energy used annually by all human beings and industries (420 exajoules) was equivalent to the amount of solar energy that, according to the International Energy (IEA) Agency, reaches the Earth over a period of only 70 minutes. Transportation represents one of the top energy consumers, along with industry, both accounting for about 30% each, with consumption distributed evenly between passenger and commodity transportation.

One Joule to ferry people to their socioeconomic activities entails the consumption of one Joule for the transportation of commodities that are necessary for such activities. This power consumption translates to around 25% of global greenhouse gas (GHG) emissions (about8Gt), of which, according to the IEA, 40% are released by commodity transportation).

It is clear that to meet international decarbonisation commitments and a much-needed energy transition, the issue must be addressed across several disciplines. The European Commission has developed the ASI approach (*Avoid, Shift, Improve*). Technological solutions contribute to improvements in vehicle efficiency (**improve**), but only solve part of the issue. Avoiding (**avoid**) the need for mobility (in this case, generating tkm) or shifting to (**shift**) more efficient modalities, must be the priorities, as these bring advantages at all levels.

To that end, there have been developments in Europe with a view to dampening the energy and carbon-producing intensity in the transportation sector. However, decarbonisation has proceeded slowly. Relative gains from the introduction of new technology or the increase of productive influence have largely been negated by the sector's rapid expansion arising out of increasing demand (1).

Railways for example present the opportunity for significant advances and have the potential to make a major contribution toward decarbonisation. However, there's a long road ahead. In 2018, diesel-powered freight trains accounted for about 25% of GHG emissions in the European Union (2). This is because there is scant penetration of electricity grids in secondary railways and low interoperability of the electric power grid between member states (2). This has resulted in a growing interest in two technologies: batteries, for power storage, and hydrogen-based solutions. The first will permit the use of non-powered tracks, which is necessary for electric vehicles to use secondary railways. The second because it produces no emissions (3). Even so we must await the development of robust solutions that can meet market needs.

The reality is that railways still largely rely on fossil fuels and that despite notable advancements in the passenger transportation sector, with accelerated growth in the electric vehicle segment, no comparable growth has occurred in commodity transportation.

There are several barriers to decarbonisation; namely the absence of sufficiently mature alternative technologies, lack of infrastructure, deficient legal frameworks, and little interest from the shipping sector (4). Electric vehicles are not yet a viable solution for commodity transportation. Vehicle autonomy is incompatible with the distances travelled or vehicle refrigeration needs, and battery weight impacts weight allowances for payloads.

The main exception occurs in urban distribution, where electric vehicles are increasingly common. Several technologies are being tested, based on natural gas, hydrogen and electricity.

Natural gas, whilst not a renewable energy source, has advantages over diesel, with regard to air quality in cities. The main obstacle however remains the persistent absence of a public power network to support long-range, international freight. Companies still have to commission and deploy their own supply stations. Hydrogen and batteries are yet to mature as technologies and robust commercial solutions have not, to date, made an entrance (5). There is however a hybrid solution — electricity and diesel-based — undergoing tests in Germany. It involves a tractor fitted with an electric engine and a retractable pantograph. The engine is fed by a catenary line built into the track. When the line is unavailable, the vehicle switches to its diesel engine (6). The main hurdle, again, is getting the infrastructure in place.

Maritime transportation is widely seen as the most sustainable with regard to relative emissions per weight conveyed. However, ships tend to use especially problematic fuel in terms of GHG emissions and other pollutants that are especially hazardous to human health. With an eye on this issue, the International Maritime Organization (IMO) has called for a cut in the amount of sulphur in fuels by 50% (7).

The use of electric energy is thought inviable in this sector although the maiden voyage of the Yara Birkeland vessel, under the Norwegian flag has hit the headlines. The ship has begun a two-year testing period and is an autonomous electric vessel equipped to handle 120 20-foot containers (TEU). It will sail relatively short courses (under 100km) (8).

The solution for maritime transportation will ultimately be the use of alternative sources and technologies, such as hydrogen fuel cells, or sails (wind power). These technologies have yet to

“[The Yara Birkeland vessel] has begun a two-year testing period and is an autonomous electric vessel equipped to handle 120 20-foot containers (TEU). It will sail relatively short courses (under 100km).”

The Yara Birkeland will be the world's first fully electric and autonomous container vessel with zero emissions

mature, however. So alternative fuels like liquefied natural gas, liquefied petroleum gas, methanol or biofuel are viewed with great interest. Although they are fossil fuels, these demonstrate lower carbonic intensity and yield lesser amounts of atmospheric pollutants. They may be deemed an alternative solution until truly decarbonised solutions take their place. To that end, the IMO hopes to cut back on emissions up to 50% by 2050.

Last, but not least, is air transportation. Air freight plays an instrumental role in competitiveness for value-added products. This mode of transport represents 20% of the value in all external trade exchanges for the European Union, although its relative weight comes to 1% (9). Planes consume a great deal of power. They use jet fuel, which is a fossil fuel. The use of alternative energy sources is subject to tight restrictions, namely physical (weight and volume), operational and statutory.

Of all modes of transportation, aviation may well be the one where the least progress has taken place. One alternative might be to develop sustainable jet fuel, but research has a long way to go. It won't become a viable solution for years, maybe even decades to come. Several sources exist, namely sugar cane, cereals, oleaginous plants, algae or food and animal waste (10). Biofuel however presents a number of limitations, such as compatibility with existing systems, or government approvals, so its use is sporadic at best. In 2018, before the pandemic, biofuel held a 0.1% share of the market. A few companies were testing biofuels, but only in limited quantities and under controlled conditions (11).

Considering the aviation sector's commitment to net carbon neutrality by 2050 (12), significant evolution must take place over the coming years. However, no sustainable technology appears currently poised to displace jet fuel. Hydrogen is naturally regarded with a great deal of interest; however, hydrogen-based technologies are at their early stages and it is not possible to envision a commercial airliner running on hydrogen in the next few decades (13). On the other hand, electric airplanes are currently being tested, but they are small and travel short distances. For aviation, decarbonising entails improvements at other levels, namely, aircraft design, developing more efficient routes, or process improvements. It will be slow going, but necessary.

Although the primary focus is sustainable energy sources and technologies as vectors for decarbonising the transportation sector, there are other considerations and opportunities. Computational capability and wide-band communication facilities for example permit the instant collection of a voluminous amount of vehicle operation indicators (*big data*). Such data enables the optimisation of technology, namely how engines run, and matching commercial routes to the most suited logistics operations (taking into account both size and operational capabilities of aircraft). There is also a change in the value chain, which could have a profound impact on transportation networks - the progressive introduction of additive manufacturing, which has brought production closer to end customers and as such cut down on transportation needs.

In the final analysis, the urgent need to reach carbon neutrality over the coming decades, if not sooner, means that we can expect significant changes in technology and operations in the freight sector.

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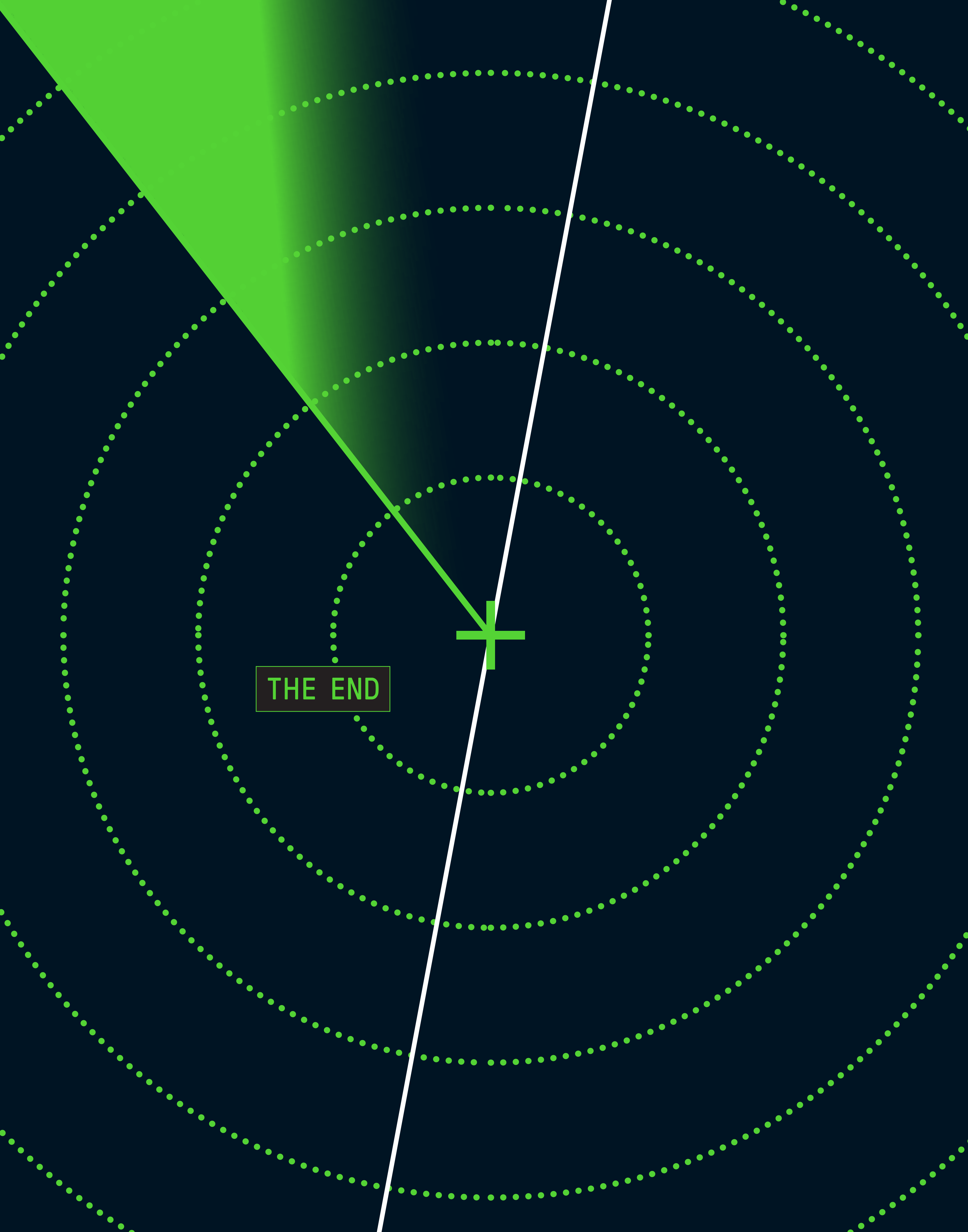
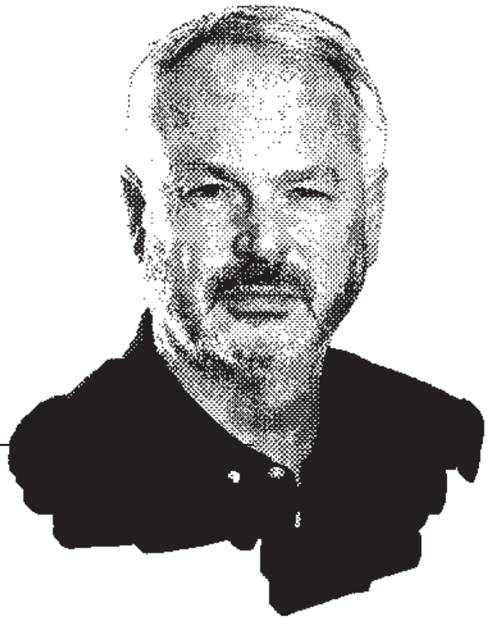
Vasco Reis is a researcher at CERIS - Research and Innovation in Civil Engineering for Sustainability of the Instituto Superior Técnico at the University of Lisbon. His work focuses on complex transportation and mobility systems, especially freight and urban logistics. He has experience participating in, or managing, over twenty national and international research projects, including Horizon Europe and 7PQ. Vasco Reis has also penned over thirty papers for conferences and scientific journals of national and international renown.


THE END

Complexities of a multi-polar world

by **Tim Marshall** Journalist and author



Remember the Cold War? The bi-polar world was a such a 'simple' time in which much of what happened could be framed within the context of the two superpowers facing off against each other. Then, after the fall of communism 1989/91 there was a naive belief that liberal democracy would spread around the world. Instead, we are in a multi-polar period in which many of the fissures the Cold War had papered over have been laid bare.

Now there's a lot of jostling for position as countries seek to gain advantage ahead of what might become a new Cold War between China and the USA which will force many of them to take sides. There's also a darkness as authoritarianism again stalks parts of the globe challenging the idea that freedom is the best method to govern complex societies.

To better understand the complexities of the multi-polar world we need to know a country's politics. But we also must know of the mountains, rivers, seas and concrete around them to understand some of the forces playing their part in determining events. The starting point is a country's position in relation to neighbours, sea routes and natural resources all of which have helped shape its history and how its people view the world. The actors on the world stage change, but the stage remains much the same. Egypt still requires the Nile to survive. The Himalayas still stand.

Maps reveal as much about a government's strategy as any high-powered summit, or overly blown rhetorical speech. If you want to go somewhere, you can only start from where you are. That may sound obvious, perhaps trite, but a government or a leader forgets it at their peril. They must understand exactly where they are and how much fuel they have in the tank – Napoleon was not the first or last to forget the lesson.

The crisis over Ukraine reminds us of the effect geography has on events, and how the history of those events plays a role in how leaders think. All Russian leaders involve themselves in the immediate territories west of Moscow because it is mostly flat land through which Russia has been invaded or through which it heads westwards. What happens in Ukraine is of huge interest to Washington DC, Berlin, London, Paris, Warsaw, Moscow and elsewhere.

The North European Plain stretches from France to the Urals and is mostly flat. Its narrowest point is between the Baltic Sea and where the Carpathian Mountains begin. That place is called Poland. In previous eras Russia has moved westwards and plugged the gap through occupation or domination. Now the gap is open. With or without Putin as leader, Russia will never be reconciled to the loss of Ukraine. Having been invaded so many times via the land to its west, Russia views the region as a buffer zone between it and potentially hostile forces. Following the collapse of the Soviet Union Russia believed the former eastern bloc countries would remain neutral. Moscow was horrified as it watched state after state elect governments bent on joining both the EU and NATO. In 2014 its view of the Ukrainian revolution, which overthrew a pro-Western president, was that it was a coup designed to eventually bring NATO forces to the Ukrainian/Russian border.

Geography is also partially behind the marriage of convenience between Presidents Putin and Xi. Both believe that together they can create a world system based on spheres of influence. If so, the Americans can be pushed out of eastern Europe and the western Pacific.

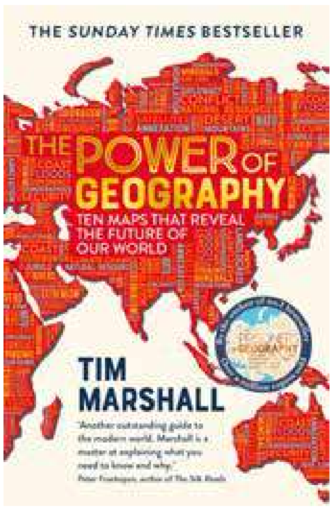
China and Russia view the post WWII world order as biased against them. Both believe the post-Cold War era left the USA as too powerful and talk about 'unipolarity' being unfair and dangerous for peace. Instead, they argue, great powers should accept that each holds sway in its sphere and will not interfere in others. They also rail again the idea of 'universal values' instead making the case that different civilisations develop different values and it is not for outsiders to try and influence them.

China and Russia are not normally allies. During the Cold War they were at each other's throats over which system was the best form of Communism. They even came to blows over it in a seven-month long border skirmish in 1969. Nixon and Kissinger spotted the gap and widened it to weaken the Soviet Union. Putin and Xi now see the opportunity to weaken the Americans.

Their relatively new friendship will not last and both leaders will be aware of Lord Palmerston's quote about 'no eternal allies' only eternal interests. Indeed, they have their own boundary disputes which can be brought up at a time of Beijing's choosing. The 1969 border clash took place along the Ussuri River on a border drawn up the previous century when Russia forced China into ceding 65,000 square miles of territory east of Manchuria. Russia gained a long Pacific coastline including the city of Vladivostok then known as Haishenwei (The Bay of Sea Slugs). The Chinese still view the agreement as unfair and although the issue was settled decades ago it can be 'unsettled' if it suits Chinese politics.

Another clear example of geographies role in history is Australia. Once in the middle of nowhere, now a very big somewhere, and centre stage. It may be the 6th largest country in the world, but a severe lack of water in most regions means it can't sustain a large population which in turn limits the size of its navy. And if a country the size of a continent can't robustly defend its coastlines and supply routes – it better have a friend who can. Once it was the UK, now it is the Americans.

This way of looking at international relations is not enough in itself, but its an essential starting point. Understanding the geography of a place helps us understand both its history, and present, and how it might act in the future.

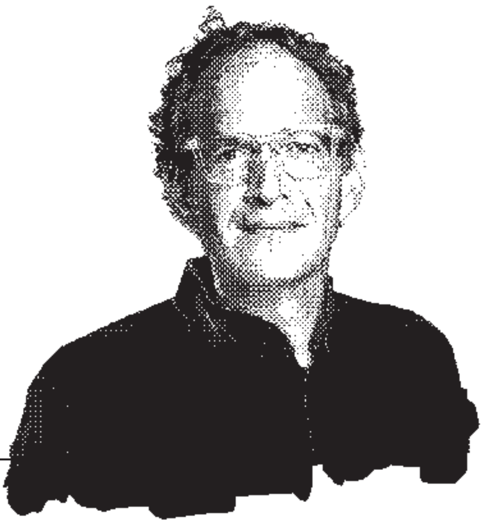


Tim Marshall's 2021 poignant new book

In 2021 Tim Marshall published The Power of Geography: ten Maps that reveal the future of our world, the highly anticipated follow-up to his New York Times bestseller Prisoners of Geography. In his new book, the author takes us on a tour of places — Australia, The Sahel, Greece, Turkey, the UK, Iran, Ethiopia, Saudi Arabia, Spain, and Space - that he considers pivotal to global politics and conflict - explaining how a region's geography and physical characteristics affect the decisions made by its leaders. Through ten chapters Tim Marshall explains why the Earth's atmosphere is the world's next battleground; why the fight for the Pacific is just beginning; and why Europe's next refugee crisis is closer than we think. A compelling read, this book explores the power of geography to shape humanity's past, present, and—most importantly—our future.

After thirty years' experience in broadcasting, **Tim Marshall** is well-placed to provide a sharp political commentary and analysis of global affairs. A generalist who is able to join the dots between specialisms in a wide field, the former Diplomatic Editor and foreign correspondent for Sky News has a knack for boiling down big issues, such as geopolitics and international diplomacy, to broad-brush terms that audiences from different worlds can engage with. As well as operating on the corporate circuit as a keynote speaker and conference facilitator, Tim has published several critically acclaimed books, including the 2015 New York Times best-seller 'Prisoners of Geography: Ten Maps That Tell You Everything You Need to Know About Global Politics'. His first book, 'Shadowplay: The Overthrow of Slobodan Milosevic', continues to be one of the most highly regarded accounts of that period. During his career, Tim has been shot with bird pellet in Cairo, hit over the head with a plank of wood in London, bruised by the police in Tehran, arrested by Serbian intelligence, detained in Damascus, declared persona non grata in Croatia, bombed by the RAF in Belgrade, and tear-gassed all over the world. He stresses, however, that none of this compares with the experience of going to see his beloved Leeds United away at Millwall FC in London.

The 'digitally complete' customer journey



by **Jake Levant** Vice-President, Lightico

The need to accelerate digitization was a pressing priority for insurers and brokers before the impact of Covid-19, but the worst global pandemic in a century has accelerated the evolution of customer needs at a historic rate - and industry competition to meet them.

Customers have been waiting for their insurers to engage them in ways that more closely mirror the mobile-first interactions they're already used to from leaders in other industries such as Amazon and Apple.

Insurtech challengers like Lemonade, Hippo, and CoverHound have proliferated across virtually every insurance vertical in recent years, and with Amazon rapidly building its partnership network,[1] the need to digitize insurance customer journeys and make them easy and seamless experiences for customers is as urgent as it is imperative.

To meet today's customer expectations and position themselves to compete successfully, customer-facing insurance processes must be paperless and digital from start to finish. But doing this means tackling the largest barriers in their way.

Digital silos & legacy processes are breaking insurance journeys

Customers today expect to complete transactions in minutes from their smartphone just as they do with their favorite consumer apps. But in a recent survey[2] of insurance professionals, over half indicated that it takes between 1-2 weeks to complete a customer's claim request with their existing processes, while only 10.5% said these claims are submitted from a mobile app.

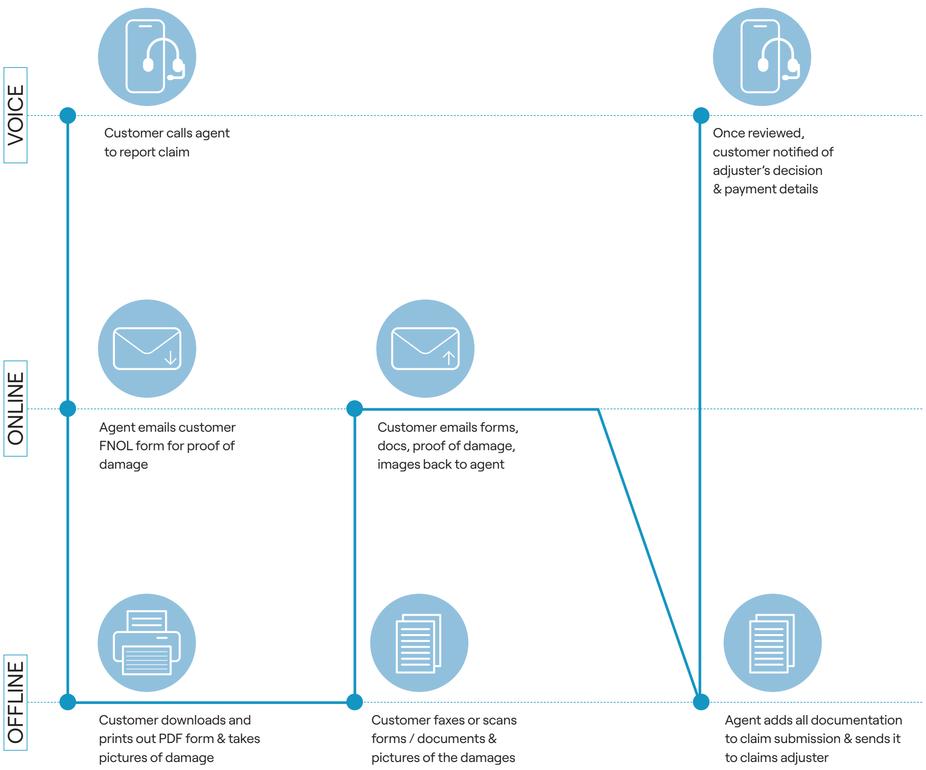
What's really behind these low mobile adoption rates and long processing times? Despite insurance companies' investment to digitize back end core systems, their customer front-end is typically a patchwork job made up of several point software solutions that are not integrated and operate as silos.

Using siloed systems that don't seamlessly talk to each other adds extra steps for prospects trying to open a new policy and for existing customers when they need to file a claim.

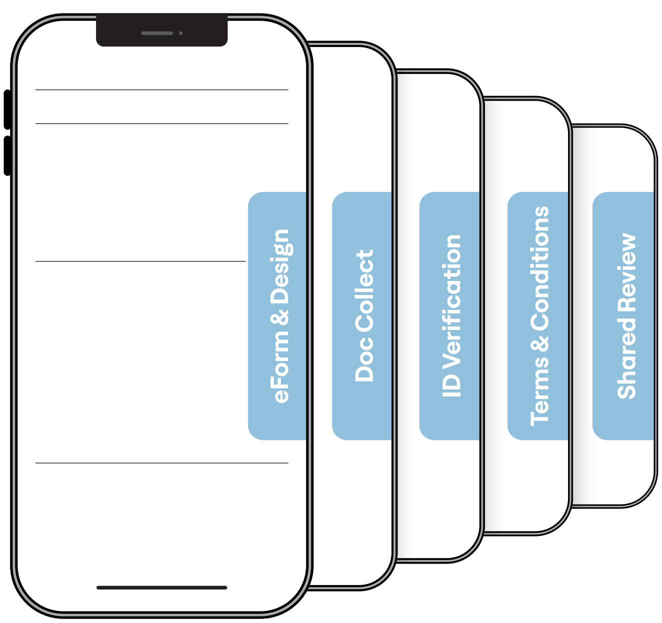
Most point solutions, such as eSignature[3] tools, are built around legacy processes like email and PDF-based forms. Ever tried to scroll through and complete a crowded PDF form from your small smartphone screen? Hardly a mobile-first experience. That's why many customers today don't complete insurance processes from their mobile. Instead, they end up dealing with the hassle of printing forms and agreements and sending them back via fax or scan.

Multiple touchpoints, high-effort interactions, and prolonged completion times add up frustrated customers, who won't hesitate to take their business to an insurtech competitor.

A typical broken insurance claim journey



How insurers process sales & claims with digital completion



ABOUT LIGHTICO

Lightico helps streamline the interaction between insurers and the insured. It was founded in 2018 to relieve companies of their long and painful customer journeys. Its mission is to help companies digitize and automate their processes - paper heavy processes that often involve forms, signatures, collections of documents. Today, these processes currently take customers ages to complete and are nightmares for efficiency. End customers are often required to print, scan, mail, fax and visit locations to complete basic tasks. While companies are navigating legacy systems, paper forms and manual processes. This results in customer frustration, lost business and inefficiencies.

Lightico's team now exceeds 150 technologists with offices across the United States, United Kingdom and R&D centered in Israel.

Lightico's SaaS platform empowers businesses to accelerate their customer journeys through automated workflows. With the Lightico Digital Completion Cloud™, companies leverage no-code workflows to easily collect customer eSignatures, documents, and payments, and authenticate ID in real time — straight from the customer's smartphone. By unifying the previously siloed steps of customer-facing processes, businesses enjoy faster and shorter sales and servicing cycles, boost NPS, and significantly improve their completion rates. Hundreds of enterprises, including Fortune 500 companies in highly regulated industries such as finance, insurance, and telecommunications, rely on Lightico to make their customer journeys more efficient and streamlined.

Lightico

Accelerating ROI & slashing costs with digitally complete insurance journeys

Future-proofing customer journeys today has never been more vital for insurers and brokers - this means eliminating the digital silos and legacy processes behind friction-filled customer interactions.

Replacing them with one end-to-end digital journey that quickly and easily guides customers through every step needed for completion.

Insurers and brokers are leveraging Lightico's Digital Completion Cloud to streamline all customer-facing steps in one seamless workflow. Instead of disjointed processes that bounce customers from channel to channel, insurance representatives can send an SMS or email to the customer that starts an intuitive and interactive digital session designed for mobile.

Be it a new policy application or filing a claim, customers can fulfill every step required to review and process their request. ID verification is as simple as snapping a selfie and taking a picture of their identification from their cell phone camera.

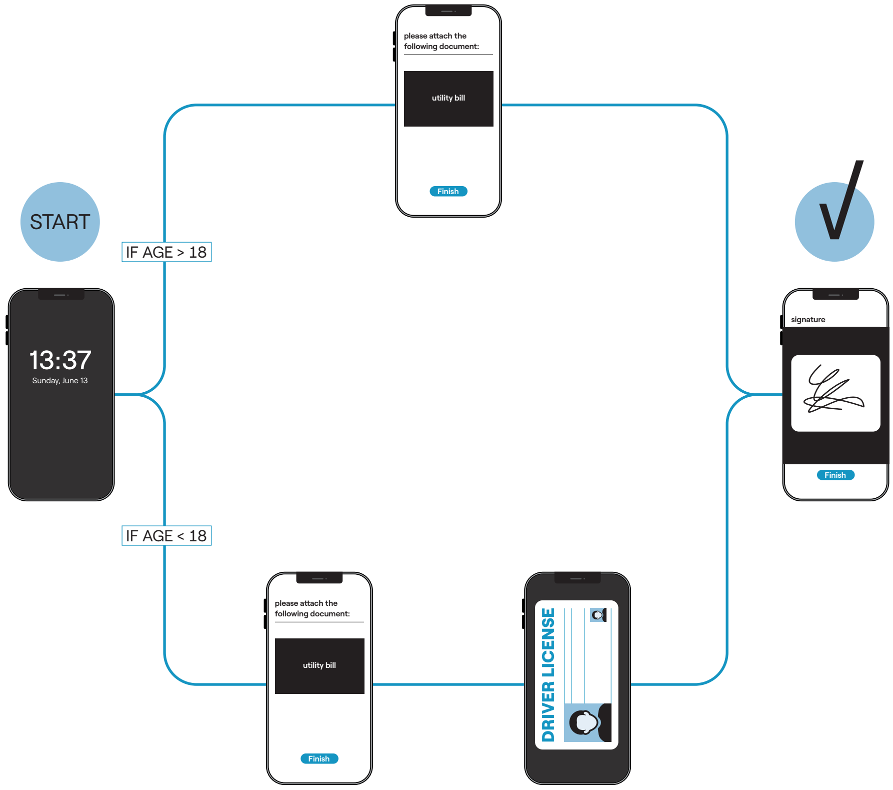
Customers can tap and swipe their way to signing and completing eforms and consenting to terms and conditions, and upload required documents directly to their session, bypassing the need to go offline and resort to fax or scan machines.

Collecting all required customer data in one mobile session allows agents to review a new policy or claim with the customer and collaborate with them interactively in real-time while on a call, helping eliminate any errors along the way and complete processes far more efficiently - eliminating needless re-work for employees and hassle for customers, boosting customer trust and NPS. It also simplifies compliance, providing one digital audit trail with all requirements needed for binding insurance policies.

Insurers and brokers can customize each and every customer-facing process with no-code automated workflows that let them easily configure entire insurance sales and claims scenarios, avoiding IT bottlenecks and speeding time to sales.

Leading global insurers like Metlife[4] have moved to Lightico's Digital Completion solution to accelerate their customer journeys and are seeing conversation rates immediately increase by 20%, while maintaining 100 percent compliance.

Scaling personalized insurance sales with automated workflows



Insurers currently leveraging the capabilities of Digital Completion are:

- Settling insurance claims 85% faster
- Reducing touch points per policy by 60%
- Increasing customer satisfaction by 15%
- Ensuring 100% compliance

Digitizing and accelerating insurance sales and claims will be customer deal breakers even more in the new post-pandemic world. Insurers that can remove the barriers to digitally complete customer journeys will put themselves in position to compete successfully and power long-term growth.

1 https://finledger.com/2021/10/05/nationwide-partners-with-amazon-to-offer-business-prime-members-insurance/#:~:text=Amazon%20and%20Nationwide%20announced%20Tuesday,to%20run%20through%20December%202021

2 Survey available at https://info.lightico.com/the-future-of-insurance-digital-sales-claims-trends-revealed-by-professionals

3 https://www.lightico.com/esignature/

4 https://iireporter.com/metlife-france-selects-lightico-and-particeep-for-customer-interaction-platform/

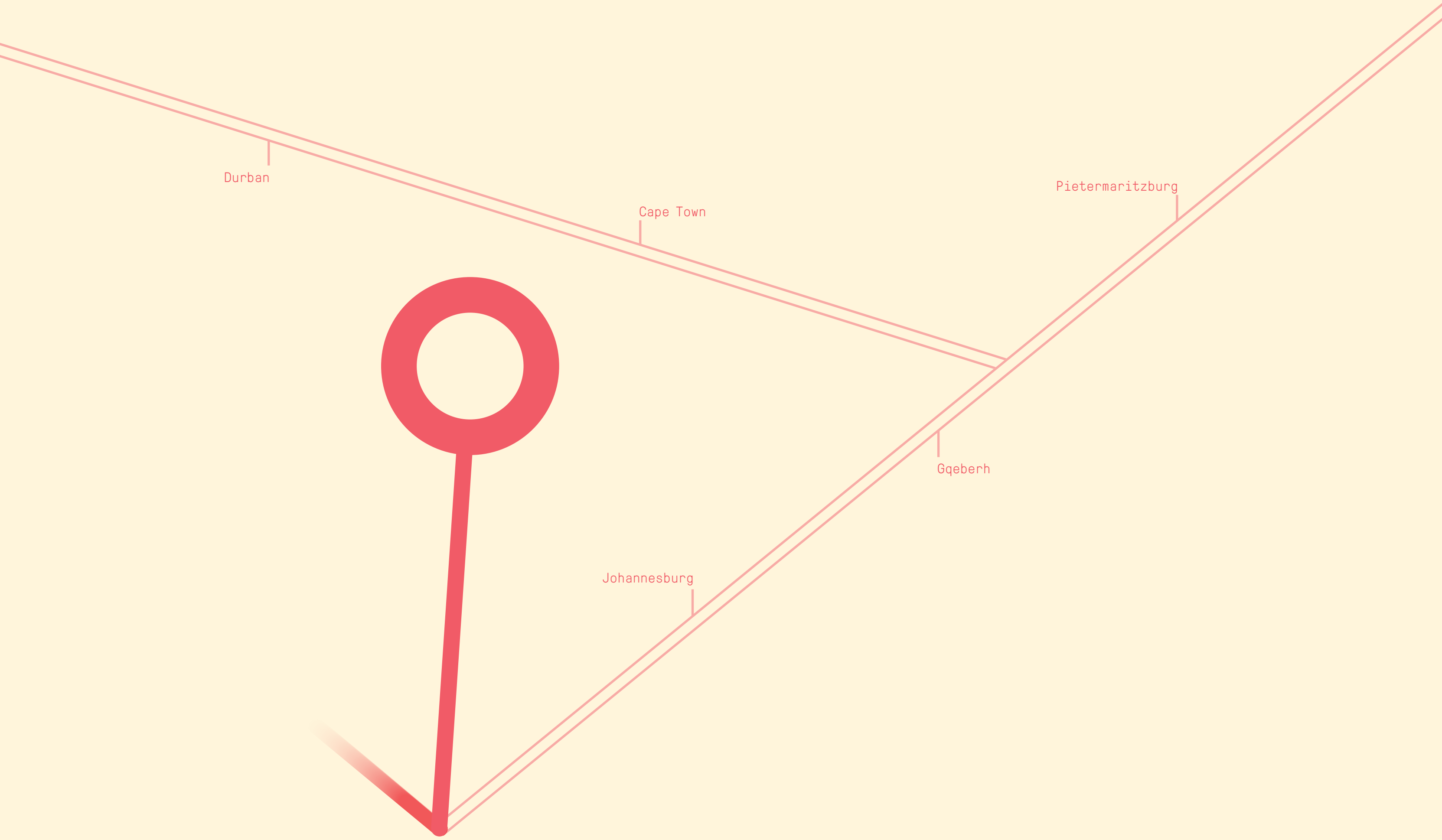
Jake Levant is Vice President at Lightico, a proven business leader driving tech in enterprises. Born into Fortune 500s – now building tech companies. With an early marketing career galvanized in Fortune 50 companies including ExxonMobil and Procter & Gamble, he has a proven professional track record building & leading marketing/sales organizations for software startups including Answers.com (acquired), Strategy Runner (acquired), fring (acquired) and founding other entrepreneurial ventures. Jake holds an undergraduate degree at McGill University (Montreal, Canada) & MBA from INSEAD (Fontainebleau, France).

Brokerslink
All around the world

Introducing

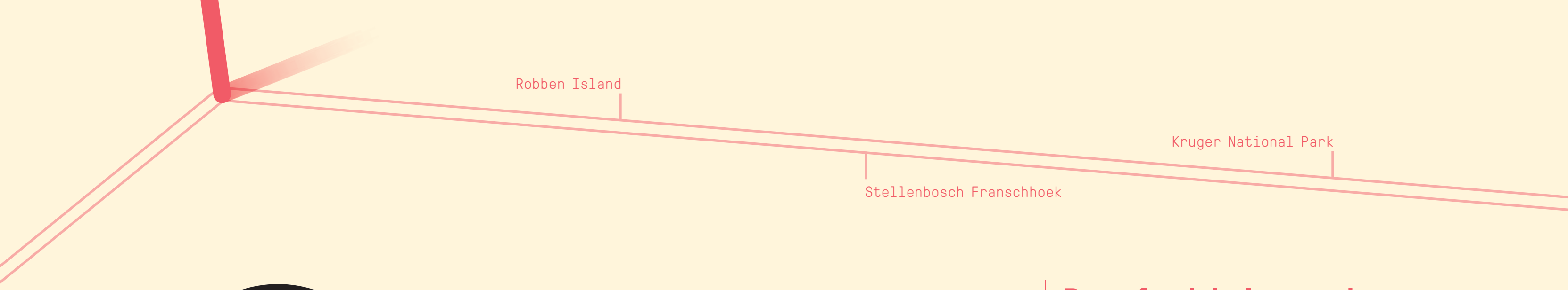
Compendium Insurance Brokers, **South Africa**
LK Insurance Services, **South Korea**
Navacord, **Canada**

Brokerslink is an independent global broking business of insurance and risk management specialists working together to deliver carefully tailored solutions for clients across the world. Brokerslink is now present in 125 countries across five continents: Africa, America, Asia Pacific, Europe and the Middle East. These independent businesses (Partners or Affiliates) benefit from years of local knowledge and expertise, providing a genuine alternative for local, regional, and multinational organisations looking for tailored insurance and risk management support. Join us on a tour across the world as we visit Compendium Insurance Brokers in South Africa, LK Insurance Services in South Korea and on to Navacord in Canada.



COMPENDIUM INSURANCE BROKERS

A proudly South-African leading company



Rowan Jones
CEO Compendium

Founded	1994
	142 Employees
	5 Offices
	*R861m over of premiums under management * USD 56M

Compendium Insurance Brokers is a leading insurance broker and risk management solutions provider in the South African market. Officially established in 1994, the same year South Africa transitioned to democracy under the leadership of Nelson Mandela, the company's roots stretch back to the 1930s.

Compendium is a proudly South African company, employing 142 people in five offices located in the country's major cities. Premiums under management are currently valued at over R861m per annum.

As a dynamic and innovative insurance provider, Compendium is active in both the short-term and long-term insurance sectors. In the short-term sector, the company specialises in personal lines, commercial and corporate insurance.

Personal lines insurance products include house and contents, all risks, cars and motorbikes, bicycles, boats, international travel, personal liability, and cover for electronic equipment. Commercial and corporate products include Assets & Business Interruption, Commercial Crime, Directors & Officers Liability, Cyber Liability, Marine Liability, Marine Cargo, Credit Guarantee, Motor Insurance, Engineering & Construction, Plant All Risks, as well as Risk Management. The long-term insurance division specialises in Pension & Provident Funds, Retirement Planning, Investments, Key Man Insurance, Life Insurance, Medical Aid, and Buy & Sell Agreements.

Part of a global network

With Brokerslink represented in over 120 countries and consisting of like-minded companies with an entrepreneurial mindset that makes Compendium a standout in the South African market, joining this international network of independent brokerages was a no-brainer. Being a member of Brokerslink has provided Compendium with access to world-class services, allowing it to compete internationally and offer spot-on solutions to clients.

Along with tough economic conditions, increasing industry regulation, globalisation, and pressures arising from client expansion into new markets, insurance broking faces not only multiple challenges, but also a host of opportunities. Now, more than ever, customer-centric excellence, extreme agility, and the ability to deliver more than cookie-cutter solutions, are absolute requisites for success.

The support of the Brokerslink family is instrumental in helping independent insurance brokerages transform the escalating challenges into game-changing opportunities.

Although insurance broking in South Africa is a highly competitive arena, and the emergence of direct insurers has posed a challenge to traditional trading patterns, brokers remain the dominant force in the industry.

Drakensberg Mountains

The cosmopolitan Cape Town

iSimangaliso Wetland Park

"Compendium has embraced digitisation whole-heartedly, allowing for efficient interactions with partners and clients and the creation of innovative products."

Technology is a driving force

There is no doubt that the Covid pandemic has accelerated digitisation in the insurance industry, accentuating trends that were already emerging. Technology continues to transform the industry, especially impacting operations and helping insurers service clients more efficiently.

Online forms have reduced the use of paper and cloud-based video apps are enabling client interactions without time spent travelling. Encouraged by technology and busy schedules, clients are demanding more transparency and faster turnarounds in policy purchases and claims settlements.

Compendium has embraced digitisation whole-heartedly, allowing for efficient interactions with partners and clients and the creation of innovative products. Technology also provides clients with opportunities to personalise policies, eschewing the one-size-fits-all model. Of course, technology is also assisting direct insurers, often to the detriment of brokers who have relied on the 'personal touch' to craft enduring relationships.

One way Compendium differentiates itself is through its considerable expertise, backed by talented staff who are specialists in the various insurance disciplines. Having the Bidvest Group, one of South Africa's leading companies, as a shareholder also provides Compendium with immense opportunities for growth. Further, the support of the Brokerslink network is a major differentiator, providing Compendium with world-class expertise and consulting services.

Proudly South African

South Africa, home to Compendium Insurance Brokers, is a land of incredible beauty and diversity, both geographically and in terms of cultural mix. It is a colourful fusion of African, European, and Asian influences that is as truly impressive as it is unique. From urban sophistication to the great outdoors, South Africa offers travelers a wide range of exhilarating experiences. So much so that it is often described as *The World in One Country*.

What to See

- **Cape Town** – for a cosmopolitan vibe, cultural attractions and vibrant nightlife, and the Cape Peninsula, including Table Mountain and Robben Island
- **Wine Route** – a wine tasters delight centred around the historical towns of Stellenbosch and Franschhoek
- **The Garden Route** – Knysna, Plettenberg Bay, the Tsitsikama National Park, and Oudsthoorn for its ostrich farms and the nearby Cango Caves
- **Blyde River Canyon and the Panorama Route** – majestic views, scenic mountain passes, impressive precipices, and cascading waterfalls
- **Kruger National Park** – one of Africa's great game reserves for private safaris, luxury lodges, and memorable sightings of the Big Five: lion, leopard, elephant, rhino, and buffalo
- **Durban** – your springboard to the **Drakensberg Mountains,** a paradise for hikers and outdoor adventurers, with incredible vistas, streams, rockpools and caves; and to the **Hluhlwe-iMfolozi Game Reserve,** Africa's first established wilderness area, for another unforgettable Big Five and safari experience
- **iSimangaliso Wetland Park**, a UNESCO World Heritage Site, on the far-north Kwa-Zulu Natal coast, for beautiful scenery, beaches, and diving, with up-close encounters with hippos and crocodiles!
- **The Wild Coast** – a difficult to access but stunningly beautiful stretch of unspoiled coastline dotted with wildlife reserves, deserted beaches and secret gems of untamed wilderness just waiting to be explored.

Drakensberg mountains

Bobotie, a classic dish from South Africa

Where to Eat

- South Africa is a veritable gastronome's delight. For fine dining try La Colombe, FYN and The Test Kitchen in Cape Town; Moyo Melrose Arch and The Butcher Shop & Grill in Johannesburg; and 9th Avenue Bistro and The Grill in Durban. For authentic local fare do not miss out on the pleasures of a *braai* (outdoor barbeque), Durban curries, Cape Malay *bobotie* and a traditional African *sishanyama* (hot meat), washed down with your favourite tipple.

Where to Stay

- South Africa has an abundance of 5 Star Hotels and a wide range of options to suit any budget. Premier hotels include the Mount Nelson and One & Only in Cape Town; the Four Seasons and Palazzo in Johannesburg; and the Oyster Box and Ammazulu African Palace in Durban.

LK INSURANCE SERVICES

A global insurance consulting firm with Korean heritage

Doosuk Kang
LK CEO

Founded 2015

61 Employees

3 Offices

$230 of premiums under management

LK Insurance Services was established in 2015 to provide a top-tier level of insurance service to corporations with various needs and is currently servicing more than 105 clients of various industries (Hi-tech, Chemical, Oil & Gas, Telecommunications, Logistics, Tire, Cement and more). Currently it's the 4th largest broker in Korea.

LK provides the total risk management solution offering a full range of service from risk analysis, insurance terms & conditions design, to claim services. Among its areas of expertise are Property, Energy, General Liability, D&O, and Product Recall.

Being part of Brokerslink

The ability to provide global services is very important to LK considering its clientele whose operations and investments expand around the world. The ability, through membership of Brokerslink to provide a global network and expertise is particularly important considering the increase in overseas mergers and acquisition activity, larger investments such as high-tech plants and greater expansion into more territories by Korean companies. Brokerslink also continues to differentiate itself from the other networks by improving and expanding services for the benefit members, such as access to reinsurance facilities, strategic alliances with key insurance companies, a dedicated IT platform and more. The risk consulting firm members of Brokerslink are also an important resource providing added competitive advantage to LK's operations.

The Korean insurance market: challenges & opportunities

Korea is the seventh largest insurance market in the world and yet insurance brokers are not widely recognised by the public. There are inherent challenges for brokers, as Korea is one of the few countries having to compete with direct sales forces of insurance companies in addition to the traditional agency channel.

Insurance broking only started in Korea in 1997, and even then, with a relatively small number of insurers controlling the market, retail brokers were not welcomed. As a result, most brokers operated as wholesalers to avoid possible conflicts with insurers and these insurers in return compensated the wholesale brokers quite handsomely through reinsurance commissions. Insurers made sure not to relinquish control of their client-direct sales force relationships. However, this status quo began to shift when insurers began retaining more business, leaving less for reinsurance placement, and therefore reducing the income of wholesale brokers. This situation was further compounded when the market began to harden and reinsurance commissions were squeezed, and as a result brokers became more active on the retail side.

It has been less than a decade since brokers first started to serve the public and corporations in Korea as true risk consultants and retail brokers. Whilst there is still a long way to go, brokers now account for 12% of commercial insurance distribution. As more large and complex claims occur, exposing coverage gaps and creating discriminative renewal terms, clients will increasingly reach out to insurance brokers who are capable and best positioned to advise on risk management for their businesses. At the same time brokers need to recruit more qualified professionals and specialists who can truly consult on risk management issues and ultimately propose ideal risk management solutions. For brokers to accelerate their penetration in the market, clients need access to these added value services.

LK is very proud to be at the forefront of change in the Korean broker sector. It was set up in 2015 to be a dedicated retail insurance broker and today about 90% of LK's revenue comes from retail businesses. As a broker it is also very active in client risk management consulting and has been investing to improve its services in specialised risks and technology.

Insurance broking activity

There is no official data tracking broking performance within the industry. However, based on open sources, it is clear that the larger brokers, such as Marsh, Aon and LK, all recorded strong growth in 2020 and that 2021 will also have proved to have been a record setting year for the top tier brokers.

LK is forecasting more than 20% growth over the previous year, boosted by the addition of new clients, accounts, and new lines of business, including surety and trade insurance. Revenue growth has also been supported by premium increases due to the continuation of the hard market.

> “It has been less than a decade since brokers first started to serve the public and corporations in Korea as true risk consultants and retail brokers.”

Seoul, the capital of South Korea

Accelerating digital transformation

It's clear that the pandemic has accelerated the digitalization of the insurance industry, and this trend will continue. Online meetings and computerised documents have become the global norm, highlighting how things are rapidly changing from the pre-pandemic days. Although the change is not as rapid in Korea due to the existence of stringent regulations, attempts are being made to digitalise the local insurance industry by implementing AI, big data, and block chain technologies. Big tech companies are also starting to enter the insurance market, equipped with both insurance and other sources of customer data. Should these new platforms be able to understand and satiate the customer's needs, they will no doubt provide a competitive edge to the insurance industry. LK is looking to develop and provide its own exclusive platform to allow customers to easily access, manage, as well as renew simple contracts directly from a website or mobile application. This will be beneficial for all parties involved and is likely to be a successful business model as the world embraces digitalisation.

Expanding the global footprint

LK Insurance Services is the fastest growing brokerage firm in Korea and ranks fourth in the local market with a revenue of $US 20m. Success comes from its highly talented employees and consulting capabilities in risk management that provide unparalleled added value to clients.

The majority of staff are experts in their fields and seasoned veterans in the industry, with over 15 years of experience from insurance companies, reinsurance companies as well as brokers. LK's culture is about putting the customers first, and the team go above and beyond. The teams capabilities provide profound expert insurance consulting services, to help better understand and serve the needs of a diverse spread of clients from small through to large sized companies, as well as global multinational conglomerates. In early 2021, in order to enhance the services offered, LK signed an exclusive risk engineering service Memorandum of Understanding with Zurich Insurance Group to expand and strengthen its risk management capabilities.

LK also opened operations in Vietnam in February 2020, and a Singapore office is scheduled to open in 2022. The business will continue to expand its global footprint to fulfill the vision of becoming a 'global insurance consulting firm with a Korean heritage.'

> "LK Insurance Services is the fastest growing brokerage firm in Korea and ranks fourth in the local market with a revenue of $US 20m."

N Seoul Tower, Yongsan-gu, Seoul

The stunning city of Seoul, South Korea

Seoul, the capital of South Korea with a population of 10 million, is a huge metropolis where modern skyscrapers meet traditional street markets and palaces. The city is clean and safe, has excellent transportation and free wi-fi, which provides easy access to some of the most incredible historical sites, cultural attractions, and shopping districts in the world. The dynamic and vibrant city of Seoul comes to life at night with a lot of bars and restaurants open until late.

Insa-dong

The main road in Insa-dong, Jongno-gu, Seoul

Fermented spicy cabbage (Kimchi)

What to see

- **Bukchon Hanok Village** is a traditional Korean village consisting of traditional Korean houses (Hanok), with some built almost 600 years ago. Some of the Hanoks are still inhabited by residents, while others have been transformed into art galleries, souvenir shops, and guesthouses. Located in central Seoul, Bukchon Hanok Village is a popular tourist spot.
- **N Seoul Tower** is a communication and observation tower, and the second highest point in Seoul. Many visitors ride the cable car up the Namsan Mountain to enjoy the panoramic cityscape view of Seoul from the observatory deck of the N Seoul Tower, and to enjoy other attractions around the tower.

What to eat

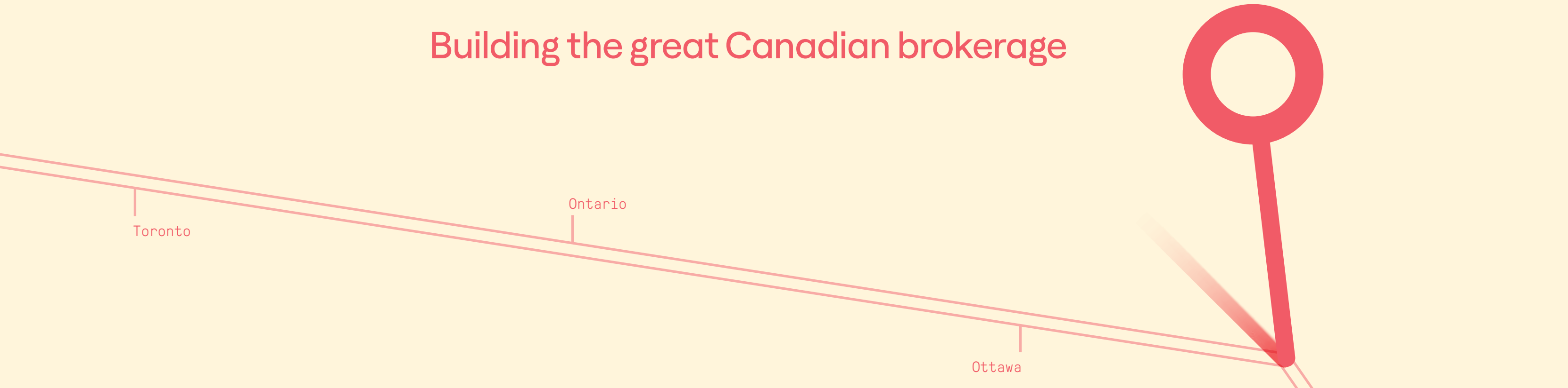
- **Kimchi**, a traditional dish started as a means to preserve vegetables for the winter by pickling cabbage in salty water, is served with every Korean meal. Various spices and seasonings are added to fermented vegetables, which makes Kimchi one of the healthiest foods in the world;
- **Samgyeopsal,** grilled thick fatty slices of pork belly, is one of the most popular Korean BBQ dishes. Typically, lettuce, perilla leaves, kimchi, garlic, onions, and dipping sauces are served and consumed together with the meat.

Where to stay

- **Insadong** is a must-visit spot for first timers to South Korea. The buzzy neighborhood in the heart of Seoul is a popular shopping district and a great place to get a feel for the Korean culture with plenty of traditional goods on display. The main road in Insadong is lined with galleries, teahouses, and restaurants, making it a nice place to stay for visitors.

NAVACORD

Building the great Canadian brokerage



Shawn de Santis
NAVACORD CEO

Founded	2014
Employees	~2000
Offices	100
of premiums under management	$2.5bn

Founded in 2014 and headquartered in Toronto, Ontario, **Navacord** is one of Canada's top four commercial insurance brokerages. With over $2.5bn in annual premium, Navacord stands as a leader in group insurance and risk management solutions. From commercial and personal insurance to surety, employee benefits and retirement consulting, Navacord leverages national strength and resources with the local-touch service of industry-specialised Navacord Broker Partners to deliver the trusted advice, expertise, and custom insurance solutions clients need to face the future with confidence. With a unique ownership model and value proposition, Navacord is the preferred partner for entrepreneurial insurance brokerages seeking to grow as a part of something bigger, while maintaining their distinct identity and culture.

As the fastest growing Canadian multiline brokerage, Navacord continues to differentiate itself with unmatched expertise across the P&C and benefits and retirement marketplace. Navacord is the country's top brokerage for the industries that drive the Canadian economy — from construction, transportation, energy, and real estate to the specialised needs of high-net worth individuals, auto dealerships, and the hospitality sector

Joining Brokerslink

As Brokerslink's only Canadian Affiliate Navacord is able to serve the needs of clients even better and the move supports the brokerage's goal of continuing to growth. The business has been expanding rapidly through a mixture of aggressive M&A and organic growth. Already established as a great Canadian brokerage the access to the Americas provided by Brokerslink will open up additional cross border and global business opportunities.

Challenges & opportunities for brokers

Given the hard market and need for precision, having the operational expertise is one of the biggest challenges and this will continue throughout 2022. The pandemic has stressed the importance of having the right risk advisors with deep sector understanding and insurance expertise working for clients. In this climate, a generalist broker with limited markets is no longer the right choice for commercial clients.

Accordingly, for Navacord, the brokerage will place continued emphasis on sector specialisation and provide ongoing training for its risk advisors to ensure that they have a broad range of tools to help clients and colleagues succeed. Those tools include access to legal advice, loss control, claims advocacy, and actuarial and modelling support. Clients and insurance companies are being more demanding than ever on the quality coming from brokers and combined with the hard market across most commercial lines of business, this is significantly increasing brokers' workload.

Given this, and the ongoing challenges of the pandemic, it might seem understandable to say that something can't be done, but that's not a good enough answer. With the right attitude and expertise, there is opportunity to move beyond the 'no' and find solutions for underwriters or clients that work for both parties.

Another challenge that will extend into 2022 is building great talent and culture. Clients expect the highest level of technical expertise combined with efficient and smooth customer service, and this cannot be achieved without a significant investment in talent. There is opportunity here to elevate HR practices by adding resources and innovative recruiting strategies, building out training and development teams and supporting strong diversity and inclusion mandates.

Overall, the Canadian insurance industry and brokerages are at a precipice. This is a unique moment of rapid change, innovation, and indeed, inclusion. Prior to the pandemic, the market moved slowly but the industry's response since has demonstrated a resilience and agility that was not expected. As such, it feels like it has primed the whole market for major advancements and enhancements in the next few years.

Digitisation in the insurance industry

The past year has demonstrated the power of the market's many databases and how that information can be used to create new products, programmes, and preferred terms/conditions for clients.

The pandemic was disruptive, but it also demonstrated that the insurance industry can be more agile than the previously accepted status quo. When lockdowns forced everyone home and online—particularly within provinces that maintain government insurance programmes requiring face-to-face interactions—it forced a huge opportunity for flexibility and digitisation

"The pandemic was disruptive, but it also demonstrated that the insurance industry can be more agile than the previously accepted status quo."

Toronto, home to Navacord's head office

Niagara Fall

within retail operations to ensure client service could continue undisrupted.

In terms of the challenges posed by accelerated digitisation of the industry, we return to talent and recruitment. Despite advancements, the insurance industry still has a reputation for being 'outdated' when it comes to technology and innovation; that it is not tech driven. It needs to dispel that myth in order to attract and retain the top tech talent, and this will push the limits and boundaries of the current war on talent to even greater levels.

Another really big challenge and trend to watch closely is cyber security. The industry is making deep inroads into protecting businesses and protecting information with security enhancements, but it often feels like 'two steps forward, one step back'. For every state-of-the-art tool that is developed to protect against cyber-attacks and bad actors, new malware is designed. It's a cyclical investment and innovation cycle and there will undoubtedly be more large-scale, international breaches.

Will the industry continue to invest in security and technology-driven improvements without the pressure of Covid restrictions? For Navacord, the answer is a resounding yes. The business believes that making the minimum investment in tech is not enough anymore if brokerages want to keep up with their competitors, as well as their customers' and internal teams' needs in a fast-changing risk landscape.

For Navacord, technology is moving to the forefront and will play more of a role than ever in helping colleagues perform their role, regardless of if they're in an office or work-from-home environment. It will continue to play a critical role in business development going forward and will be used heavily in webinars and virtual conferences, as well as when building out national insurance programmes via Zoom meetings. This also means having the right security in place to protect clients' and colleagues' information, in turn positioning the broker as a cyber expert, both from an insurance perspective as well as a business operator. As we move forward, this mix of in-person and digital experiences will be core Navacord's model, allowing it to meet the needs of employees, clients, and broker partners, wherever they are.

The famous harbor front in Lunenberg, Nova Scotia, designated as a UNESCO World Heritage site

Navacord's vision for the future

Navacord's unique, decentralised model resonates highly among entrepreneurial brokers who want to maintain their individuality while partnering and growing together with a larger organisation. These brokerages are able to maintain their own brand, office, staff and client relationships, while leveraging Navacord's national scale, infrastructure and stability, all of which are particularly attractive during times of uncertainty. Over the long-term, these businesses will continue to grow and add value for Navacord through deeper expertise and synergies. But while the business has recorded tremendous growth, scale alone will not drive success. Fostering great teams and culture, training, development, career opportunities, collaboration, mentoring, and coaching are going to be more important than ever. Looking ahead Navacord must continue to expand beyond traditional approaches and outdated industry norms to promote a well-defined value proposition and motivate front-line leaders. Continuing to build great talent and culture is something the business is committed to as it looks to push forward on the vision of building the great Canadian brokerage.

Discovering Canada

Navacord has offices that span Canada's dramatically beautiful coasts. With stunning wonders of nature such as glaciers, majestic mountains, and Northern Lights to name a few, Canada's vast size and diversity of landscapes, people and cultures makes it an unparalleled destination for visitors. From year-round adventurous pursuits and natural attractions to spectacular cities with delicious cuisines and cultural festivals, Canada has something for everyone. While it is impossible to list the myriad places to visit or things to do, listed below are some of the must-see destinations for any traveler's bucket list.

Rocky Mountains

What to see

- The West coast is best known for the iconic Rocky Mountains, forests and emerald lakes of BC and Alberta. Central Canada is home to the nation's capital, Ottawa, and the largest city, Toronto. Nearby, Niagara Falls and Algonquin Park are must-see spots, as are the neighbouring French-speaking and European-inspired cities of Montreal and Quebec City. Rich with Maritime heritage, Canada's East Coast offers a host of highlights, from the Cabot Trail and historic Lunenberg in Nova Scotia, Prince Edward National Park in PEI; to Gros Morne National Park in Newfoundland, and whale watching and reversing tides in New Brunswick's Bay of Fundy.

Where to eat

- There are world-class restaurants in Canada's bigger cities reflecting a diversity of cuisine. From the organic produce in BC's Okanagan Valley to European specialties in Quebec and fresh seafood in the East, delicious foods abound across the country.

Where to stay

- There is no shortage of places to stay, from luxury hotels to charming B&Bs, whether looking for the vibrant energy of cosmopolitan cities or the laid-back charm of tranquil, friendly towns.

Distillery district in Toronto (former Gooderham Worts distillery)

The famous oysters from Prince Edward Island

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150 YEARS BY YOUR SIDE

Ever since we started out in Porto, 150 years ago, there was something we have always kept in mind: to be successful, we need the very best partners by our side.

This quest first led us to the town of Lamego, where we had our first business partner, then further east and north, centre and south, and finally to all the islands of Portugal. And now we are part of the Generali Group, present in more than 50 countries.

Today, we have over 2,500 Brokers. Agents. Colleagues. Friends.

This is how we believe we can continue to overcome the challenges we face: together.

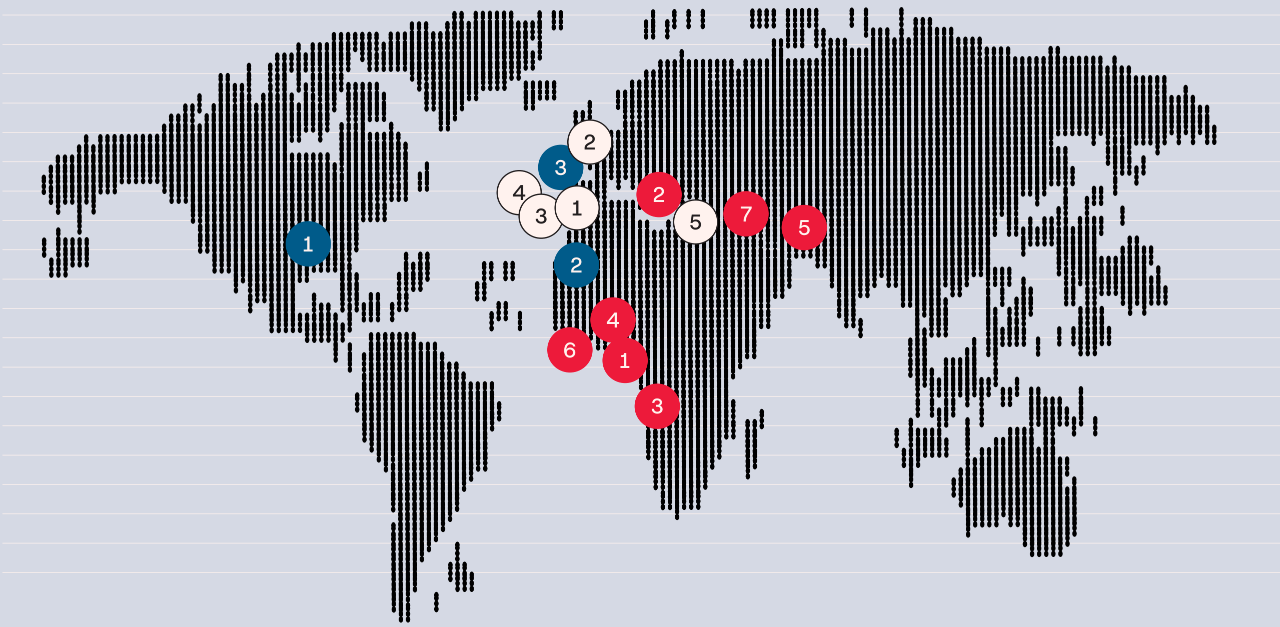
grupo GENERALI

Brokerslink

Year in review

Growth in 2021 with a focus on innovation

2021 was another year of strong growth for the Brokerslink network with more 15 affiliates to the global insurance and risk management community. Seven new brokers joined from across Africa and Europe, as well as three specialist risk management companies from Africa, Europe and the Americas. Brokerslink is now present in 125 countries around the world.



New Affiliates

Insurance Brokers

1. **Benin**
   Africa Broker's Company
2. **Bosnia and Herzegovina**
   Advantis Insurance Brokers
3. **Burkina Faso**
   La Grande Agence
4. **Gabon**
   La Ruche Excellence
5. **Pakistan**
   Risk Management Services
6. **Sierra Leone**
   Cresmet
7. **Ajerbaijan**
   Status Insurance Brokers

Specialist Companies

1. **B. Riley**
   (Specialty Financial Consulting Services)
2. **ROUX Afrique**
   (Audits and Claims)
3. **Fenchurch Law**
   (Law Services)

Tech Affiliates

1. **BWD**
2. **KYND**
3. **Innovagency**
4. **Inovretail**
5. **Lightico**

Tech Affiliates

Brokerslink also introduced a new kind of affiliate to respond to the advancing digital and technological needs of the modern broker. The five Tech Affiliates are highly specialised companies that focus on providing innovative technology solutions for the network:

- **BWD**
  A specialist business focused on enabling digital transformation. Its mission is to provide IT solutions to drive forward the digitisation of business processes and data, particularly those used to capture, manage, store, preserve and deliver content and documents, through innovative strategies, tools, and methods.
- **KYND**
  A specialist cyber security consulting practice that has created pioneering cyber risk technology that makes assessing, understanding, and managing business risks easier and quicker than ever before.
- **Innovagency**
  A specialist digital experience expert. The company designs and builds digital experiences across the entire business lifecycle. They are focused on creating value for brands, companies, and businesses through the digital ecosystem by combining strategy, design, technology, and talent.
- **Inovretail**
  A highly innovative provider of specialist data science and digital tools that help deliver quantifiable insights and actionable recommendations which can have a direct and sustainable impact on a business's key metrics. It specialises in the retail space.
- **Lightico**
  A specialist company focused on simplifying complex customer interactions by streamlining processes with digital ID verification, forms, document collection, eSignatures, and more using automated workflows. Customer interactions become easier and seamless, making businesses earn their trust and loyalty.

New shareholders in Brokerslink AG

Following the successful private stock offering within Brokerslink in 2016, the company decided to once again offer affiliates an opportunity to purchase shares of Brokerslink AG. The 2021 initiative was well received and twelve valued affiliates opted to become shareholders, demonstrating their continued commitment and dedication to the global broking network.

- Advantis Insurance Brokers
  Bosnia and Herzegovina
- Aktuell Raiffeisen Insurance Brokerage Service
  Austria
- Corporación Continental
  Panama
- Générale de Courtage
  Guinea Conacry
- Generalia Assurances
  Cameroon
- Nikoloz Group
  Georgia
- InterCapital Risk
  Croatia
- Karl Köllner
  Germany
- Prestige Insurance Brokers
  Nigeria
- Renaissance Insurance Brokers
  Cyprus
- State Insurance Brokers
  Malaysia
- Micro Insurance Company
  Anguilla

Brokerslink now has a total of 58 shareholders from 46 countries. The expanded investor base is another important step forward for Brokerslink, enabling continued multinational development and growth, the exploration of new cross border opportunities for the network and an enhanced ability to deliver market-leading insurance and risk solutions to clients.

Say 'hello' to the new faces of Brokerslink!

In January 2022 Brokerslink has appointed four new board directors: Anthony Lim from Acclaim Insurance Brokers in Singapore, Denise Nart from NART Insurance & Reinsurance Brokerage in Turkey, Jorge Manuel Arias from Corporación Continental in Panama and Laure Nicaise from Generalia Assurances Cameroon. Anthony, Denise, Jorge and Laure replace Roger Potts, Sunny Léons, Rohan Stewart and Francisco Valdés, who stepped down from the board following a very successful tenure.

Killian Collins joined **Brokerslink Central team** earlier this year as Business Development & Partnerships Assistant. He will be working closely with Anne Collette to support the co-ordination of the partnerships with carriers, the ongoing development of the marketplace and other business development activities. Kilian has a bachelor's degree in sport management, and master's degrees in sport and event management, and sustainable development; his recent experiences in partnership management and business development will be a great asset to the team.

Meet the new board members

Get to know the individuals responsible for driving forward the Brokerslink vision

Anthony Lim

A long-time supporter of Brokerslink, Anthony is the founder & executive chairman of Acclaim Insurance Brokers Pte. Ltd, one of the largest independent insurance brokers in Singapore. Anthony has many accolades to his name; he holds an MBA from the National University of Singapore and a ACIArb. certification (Associate of the Institute of Arbitrators), he is also a Senior Associate at ANZIIF (Australia & New Zealand Inst. of Insurance and Finance).

Anthony also holds the honour of being the longest-serving president of the Singapore Insurance Brokers Association (SIBA), and between 2008 and 2009 became the first person in Asia to be appointed chairman of the World Federation of Insurance Intermediaries.

Denise Nart

In last year's FULLCOVER, you may remember that we welcomed Denise Nart as regional manager for Europe; this year, she joins the Brokerslink board of directors.

Denise has had an outstanding career so far, progressing through the family business, NART Insurance & Reinsurance Brokerage where she currently is the head of global accounts, reinsurance & business development, as well as the vice president of the executive board at the company.

Denise gained her bachelor's degree in management at the Sabanci University and during her studies, she gained experience in industrial multinational companies, and completed internships in several London-based insurance companies.

A passionate ambassador for women and youth communities in the insurance industry, Denise is a founder and board member of KASİDER – the Turkish Women's Insurer Association and a board member of GYİAD – the Young Professionals and Businessmen Association. She is also a former board member of the Turkish Insurance and Reinsurance Broker Association.

Jorge Manuel Arias

Representing the interests of Latin-America, Jorge is the co-owner and managing director of Corporación Continental, one of the best-established brokers in Panama. Jorge has a bachelor's degree in business administration from Babson College in the United States, with majors in Finance and Investments. He also earned a master's degree from the Instituto Centroamericano de Administración de Empresas (INCAE) in Costa Rica.

Jorge is also the secretary and former president of Cámara Panameña de Empresas de Corretaje de Seguros (Insurance Brokerage Association of Panama) and the director and former treasurer of Cámara de Comercio, Industrías y Agricultura de Panamá (Panama Chamber of Commerce).

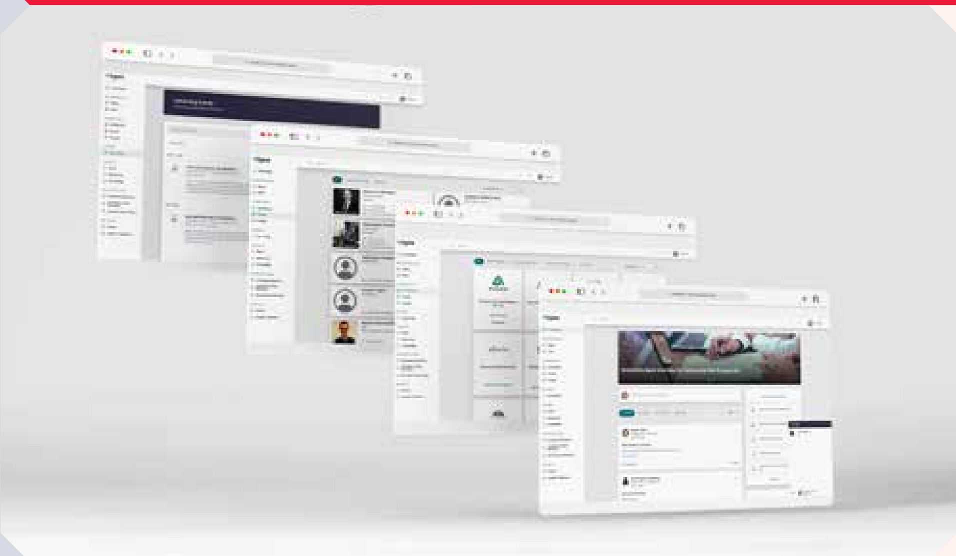
Laure Nicaise

Laure founded her company, Generalia Assurances, with an ambition to become the leading independent broker in the Cameroonian market. As well as being the current managing director of Generalia, Laure is also a member of the Inter-African Federation of Advisory Insurers (FIAC), and deputy secretary general of the Professional Association of Insurance and Reinsurance Brokers of Cameroon (APCAR).

After graduating in public law at the faculty of legal and political sciences at the University of Douala, Laure has built a successful career in damage and life insurance, starting her professional life in the ACTIVA Group, where she held a number of roles up until the founding of Generalia in 2013.

Bringing the network closer through innovation

Hola and Salut, Agora 2.0 is here!



Agora

When a global network spans thousands of miles and over 125 countries, working together in close partnership and building the vital unshakeable bonds of trust between businesses can be difficult. Even the smallest interaction is valuable and Brokerslink is always trying to find new ways of bringing their community together, taking innovative leaps to make global broking more productive, successful... and fun.

Last year they completed an important project with Innovagency to redesign the online relationship management platform, Agora. Agora 2.0 launched with a smarter cleaner look, and some exciting new features to make it even easier for Brokerslink partners and affiliates to exchange knowledge, collaborate on new business opportunities and build stronger relationships.

Here are just some of the new features introduced:

- Live chat online
- Multi-lingual capabilities, with posts translated into English, French and Spanish
- Discussion groups to reunite professionals on specific topics
- New post options to encourage requests, celebrations and recognitions across the network
- Company and people profiles enriched with more relevant fields of information

Brokers on the move now also benefit from a fully optimised mobile app that allows them to quickly access the Brokerslink community, support from the central team, marketplace of exclusive products, and library of resources on their mobile or tablet, from wherever they are in the world.

Since the launch of Agora 2.0, Brokerslink was pleased to see so many of their partners and affiliates engaging with each other on the platform in different ways and they will continue to introduce new, exciting features across the year!

Watch the video

Space B continues to reach new heights

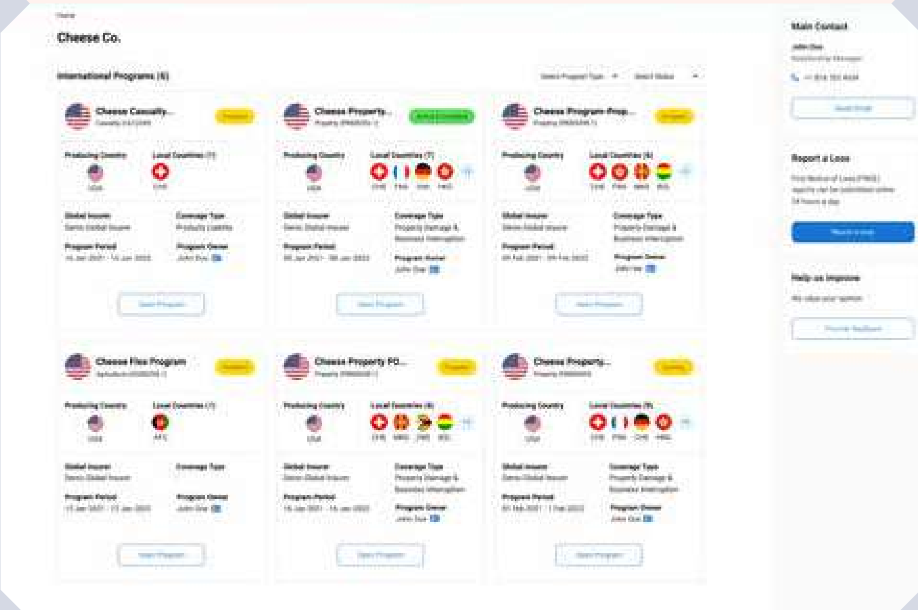
It's been nearly one year since Space B went live for partners and affiliates across the network and Brokerslink says they are pleased with the way brokers have adopted the platform to make the management of international programmes easier and more streamlined. To date over 80 international programmes with 304 policies have been set up in Space B, and nearly 500 users actively utilize the service.

Over the past year they've continually reviewed the way the platform is being used, listened to feedback from brokers, and introduced new features to ensure that Space B remains at the very front of the market.

The new features simplify the daily life of Brokerslink partners and affiliates, giving them better transparency over data, improved comparability of quotes and solutions, and speeding up the process of placing and managing global programmes.

Pedro Moura Ferreira of MDS has led the development and implementation of Space B Pulse since the beginning, he commented on its status: 'Having been part of this mega project from day one, I must say the result achieved so far is indeed wonderful and comforting.

The feedback we have been receiving from the clients is great, Space B Pulse responds fully to the clients' needs and is something that is not available from other players in the market, helping our network to add value and retain customer loyalty.'



Watch the video

Reuniting in 2022

Brokerslink Global Conference
Porto, 26-27 May

After two years apart, the 2022 global conference in Porto, the home of Brokerslink's central team, will feel more like a family reunion than ever.

The conference is always a fantastic opportunity for partners and affiliates to reconnect, build strong relationships, meet with leading insurance professionals and, learn about the hottest topics in our industry from a range of high-profile keynote speakers and network with business experts from all over the world.

This year, attendees will listen to insights from geopolitics expert and world-renowned author, Tim Marshall, foreign affairs specialist, Bernardo Pires de Lima, and Swiss Re Corporate Solutions CEO Andreas Berger, among other important names.

Reconnecting at RIMS

Brokerslink will be exhibiting at RIMS 2022, the largest and most comprehensive global risk management event in the world, being held in San Francisco on 10-13 April.

Brokerslink's brand new stand 1701 in the Moscone Center, will provide a central meeting hub for use by all Brokerslink Partners & Affiliates and a great opportunity to find out more about the company, its services and the team behind it, and of course, to connect with potential clients and partners from the global risk management community.

Regional activities

In addition to the global conference, Brokerslink will also be heading out to Europe, the Americas and Africa, for the focused regional meetings. These give partners and affiliates the chance to learn more about the local opportunities, challenges and topics that matter to their clients, and learn about the strategic plans for growth in each of these areas.

They will be visiting the following locations:

- Croatia – the European meeting will be hosted by the local affiliate Intercapital Risk
- Panama – Corporación Continental will be the host for the Americas regional meeting
- Morocco – Brokerslink will also be bringing together their African partners and affiliates in Morocco, for a meeting hosted by Alpha Assurances community.

French Connection

Brokerslink attended the 29th 'Les Rencontres' conference hosted by AMRAE, the French Risk Management Association, February, utilising the Filhet Allard|Brokerslink booth. The three-day conference in Deauville, France from 2-4 February focused on sustainability and societal inclusion against the backdrop of the pandemic and increasing polarisation. It provided a great opportunity to showcase Brokerslink's ability to place multinational insurance programmes across the global network and to underline its position as a real alternative for clients looking for cross-border solutions.

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MDS NEWS

José Manuel Fonseca named "Person of the Year"

The Portuguese Chamber of Commerce in Brazil, an 100-year-old not-for-profit organisation, presented the honour of Person of the Year to the MDS Group Global CEO for his role in furthering relationships and business between Portugal and Brazil. José Manuel's Fonseca leadership and foresight led the group into the Brazilian market in 2000 and since then the business has continued to expand and MDS Brazil is now one of the top three players in the market.

With over 30 years' experience in the insurance and risk management sector, the work laid down by the MDS Group's Global CEO has also been recognised over the years through a number of national and international awards. In 2018 for example he was named Broker Leader of the Year by the Federation of European Risk Management Associations (FERMA), highlighting his work promoting and influencing risk management.

MDS named one of the Top 150 Brokers Worldwide

According to rankings published in 2021 by the international consultant, Insuramore, MDS is the only Iberian group among the 250 largest insurance broking firms in the world, coming in at 141st, with an estimated revenue of $79.4m. MDS also featured in the overall European Top 30 rankings, again as the only broker in the list hailing from the Iberian Peninsula.

The list included several representatives of Brokerslink, the global broking firm of which MDS is a founding member and major stockholder. The total revenue for the brokers within the ranking that are part of Brokerslink equates to $3.45bn, which means, taken as a whole, that Brokerslink would come in as the fifth largest broker in the world based on revenue.

MDS recognised for its role in Africa

MDS was awarded the Pedro Cudell Internationalization Prize 2021, in the category "Júri's Special Award" by SOFID – Sociedade para o Financiamento do Desenvolvimento, (Society for Development Funding), a recognition reserved for those who've made particularly notable contributions to the national design of direct investment in the private sector in Africa. Since it launched its operation in the region back in 2013, MDS Africa has grown rapidly and is now a leading broker in Angola and other Portuguese-speaking countries, continually looking to add value, share knowledge and further innovation.

João Alvadia, MDS Africa CEO

The Ardonagh Group set to complete MDS Group acquisition

The Ardonagh Group will become the sole shareholder of the MDS Group, through its subsidiary Ardonagh Global Partners, upon completion of the deal announced at the end of 2021, subject to regulatory approval.

The fast-growing Global Partners arm was launched in June 2021 to invest in leading platforms operating in markets and product verticals outside of the UK and Europe.

The acquisition agreement between the UK's largest independent broking group and Sonae and IPLF Holding will enable MDS to take an important strategic step in the company's plans to further strengthen its national and international presence in insurance broking and risk management advice. MDS Group's current management and leadership team will all remain with the business, equipped with new resources and capital, and look forward to accelerating the business's organic and inorganic growth plans.

The Ardonagh Group, which is amongst the world's 20 largest insurance broking groups, has revenues surpassing $1.5bn and employs about 8,000 people in over 100 offices.

THE Ardonagh GROUP

Ariel Couto voted "Executive of the Year"

The 2021 Insurance Corps Awards presented its Executive of the Year award for the broker category to the CEO of MDS Brazil and Americas Regional Manager of Brokerslink. The awards single out the finest players in the Brazilian insurance industry, based on a survey of insurance and reinsurance companies, broking firms and other organisations in the market. The honour recognised Ariel Couto's leading role in growing and transforming MDS Brazil.

Management restructure

Davi Wu joins MDS Brazil

A specialist in international relations, Davi Wu has almost 20 years of experience in the Chinese market, including ten years working across the insurance sector. Davi's previous roles include that of New Business Manager at MDS from 2101-2015 and positions at large companies in the insurance and consulting market, including Buritipar Group and KPMG.

As Head of International Business, Davi will be the focal point within MDS Brazil for building relationships in foreign markets and his expertise will also support MDS Group's plans for expansion via Brokerslink.

Toyota Tsusho Insurance Broker partners with MDS Brazil

MDS Brazil will take over the management of all of Toyota Tsusho's benefits and auto retail business following the deal between the two companies. In addition to operational management of the insurance policies, MDS Brazil will also provide commercial support and offer new services to the broker's customer base.

Ariel Couto, CEO of MDS Brazil, and Americas Regional Manager at Brokerslink commented: "Value alignment between the two companies was fundamental to this agreement and we are focused on delivering a very high quality service to the broker and its customers."

Toyota Tsusho Insurance Broker is part of The Toyota Tshusho Corporation which operates in Brazil and 13 other countries with 20 insurance branches and is connected to the service area of Toyota Motor Corporation.

Ariel Couto, CEO MDS Brazil & Miwa Shinozaki, President Toyota Tsusho Insurance Broker

MDS establishes strategic partnership with Coverflex

Coverflex, a Portuguese start-up that offers flexible compensation solutions for companies and employees, and one of Wired magazine's 2021 hottest European start-ups, has acquired the entirety of Flexben's equity. Flexben was a part of the MDS Group. The purchase agreement will enable Coverflex to boost its national and international customer portfolio and offer a wider, yet more customised array of insurance solutions.

As part of the deal MDS will take a share of Coverflex's capital, becoming its exclusive partner for the distribution of insurance solutions, expanding the portfolio of flexible benefits MDS can offer customers.

coverflex

MDS Brazil begins partnership with Caixa Seguridade

The partnership between the two companies aims for insurance broking, bringing auto insurance products to customers of CAIXA Econômica Federal alongside other solutions for the bank's customers and the market at large. "This partnership will allow us to keep growing our market penetration and introduce insurance products through this channel," says Thomaz Tescaro, Vice-President of Affinity & Bancassurance at MDS Brazil.

Operating in pensions, capitalization, consortia, and insurance, Caixa Seguridade is one of the fastest growing bancassurance organizations in Brazil and the third largest insurance group in the country.

Strategic partnership with the digital Banco Best

An agreement between Banco Best, a specialist in banking, asset management and trading, based in Portugal, and MDS, will enable the banking institution to offer a wide range of insurance options through a single channel using an open-architecture logic.

Customers will also benefit from MDS's technical expertise, understanding of the market, and in-house capabilities in technology and operations, to deliver and advise on solutions best suited to Banco Best's customers' risk profile, be they individuals or organisations.

Best Bank

MDS Group remains focused on growth

Over the past few years, the MDS Group has been focused on expansion, through a mixture of organic growth and through pursuing M&A opportunities under plans to bolster its competitive edge and add value to the group's offerings in the many locations where it operates.

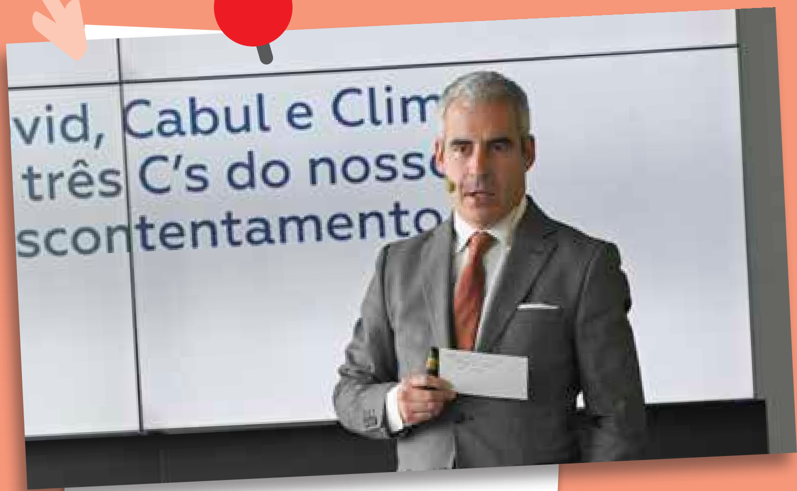
In Brazil, MDS acquired **QH Consult**, a company with over 20 years' experience in the education sector, operating in 21 states and handling insurance for over 700,000 students. The acquisition propelled MDS to a leading position in this segment, with a broad portfolio of insurance and financial solutions for schools and higher education institutions in a market where penetration is still low.

The acquisition of **Tovese**, the largest agribusiness broker in Rio Grande do Sul, consolidated MDS's operations in the Brazilian agricultural sector, capitalising on the knowledge and expertise they bring to the table.

In 2022, MDS invested in **Credrisk** — a company specialising in credit insurance, risk management and working capital solutions, with premiums over R$ 100bn in 2021, which leverages gains in scale, reach and value generation for both brands in a market segment that grew 40% over Q1 2021 year-on-year.

In Portugal, MDS also acquired a majority stake in the mediation company, **Média Mais** with head offices at Marinha Grande, handling premiums in excess of Euros 4m. With over 25 years in the business and remarkable experience in the industrial sector, and with service and exports companies, this acquisition will boost MDS's positioning and offerings.

With the acquisition of the **Segurtime**, a mediation company established in 2002, MDS increased its footprint in central Portugal. Segurtime handles insurance premiums in excess of Euros 98m and has over ten thousand customers from sectors as varied as recycling, ceramics, molds, furniture, metal working, construction and public works.



Bernardo Pires de Lima at MDS Talks 2021

MDS has held the MDS Talks since 2012 providing attendees the opportunity to hear about, and share experiences with personalities from a variety of sectors in national and international society in an informal, private setting. The five sessions held so far have welcomed over 130 participants.

In November 2021, the speaker was professor and political analyst Bernardo Pires de Lima, who presented his perspective on the current international political map under the theme "Covid, Kabul, Climate: three pillars of our discontent".

MDS Global Risk Perspectives launched

In 2021, MDS added another avenue to its knowledge-sharing mission, launching Global Risk Perspectives, a monthly bilingual newsletter that provides a broad view of international events from numerous angles, including geopolitics, economics, environmental issues, and risk, matters of the utmost importance in an increasingly interconnected world. One of the specialist contributors is Bernardo Pires de Lima, a university professor who specialises in geopolitics and international relations.

Read all the articles here

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Always pursuing innovation

Over the last few years, MDS has made continual investments in technological innovation in order to keep pace with digital transformation, a strategy which has resulted in the implementation of more efficient, streamlined processes, and resulted in the launch of new, entirely digital products — such as 24/7 digital tools like the MDS App, or Will, its virtual assistant, a chat and Whatsapp bot — as well as ecosystem integration, always driven by a desire to improve the customer experience.

MDS' successful transformation strategy was lauded internationally last year through a nomination for "Broker Innovation of the Year" at FERMA's European Risk Management Awards and, nationally, through Portugal Digital Awards 2021, which singled out the MDS App.

Reinventing spaces for a post-pandemic future

In 2021 MDS invested further in new office space to meet the need for scalability whilst prioritising quality, well-being, comfort, technology, and sustainability. In addition to open-plan working spaces MDS created informal spaces for sharing, meeting, and debating that will stimulate connectivity and creativity within and between teams.

The building includes a panoramic rooftop that will be used as an educational space for leisure and work — out in the open, safe, with a great view to the city — for the benefit of employees, customers and partners, affording them the opportunity to socialise and pursue leisure activities. The space is also adorned with a number of decorative elements, including an installation by Portuguese young artist Rosinda Casais, *Divisão Sonora*.

MDS has maintained organic growth and expanded its brand and presence on Portuguese soil, with an eye on closeness, opening new branch offices and stores in key locations, providing them with everything they need to guarantee top-tier service for customers.

Miguel Ramos driving forward with MDS

In 2021, having triumphed at the GT Open 2020, Miguel Ramos set his sights on the FANATEC GT World Challenge Europe, a contest run by the SRO Motorsport Group.

At the wheel of his Lamborghini Huracan GT3 from Barwell Motorsport, once again supported by MDS, the Portuguese driver had another great season, bringing three awards home: Pro-AM Global Champion, Pro-AM Sprint Champion as well as the team title for Barwell at Pro-AM.

Miguel Ramos also had the opportunity to join two events (four races) of the Lamborghini Super Trofeo in Zandvoort and Nurburgring, having earned one pole-position, two wins and one third place.

Legal Corner

Parametric insurance and the principle of indemnity

by **Maria Elisabete Ramos** Assistant Professor, University of Coimbra

According to the World Bank, parametric insurance – or index insurance – "pays out benefits based on a pre-determined index for the loss of assets and investments as a result of weather or other catastrophic events. In contrast, traditional insurance relies on assessments of the actual damage."[1]

Parametric insurance is applicable to a number of different risks including the risk of flight delays (not necessarily caused by weather conditions), damage from cyber-attack related to the number of end terminals affected; decreases in room occupancy (due to weather or other reasons), losses caused by the absence of clients due to the fear of terrorist attack or closure of certain areas of the city. Another interesting development is "parametric reputation insurance" designed to compensate a named individual for reputational risks. This product provides indemnification by paying out when the insured's reputational value metric falls below a certain threshold[2].

Parametric insurance contracts carry several advantages: they are objective; they pay out quickly; the policies are tailor-made and simultaneously they are global, because they deal with an event irrespective of its location. Parametric insurance is also cost-efficient, because the insured buys coverage only for the risks he/she wants to manage.

The World Bank believes that parametric insurance has a role to play in reducing poverty in countries where agriculture is the main source of income. Parametric insurance is seen as an instrument of resilience and financial sustainability in vulnerable communities, as it guarantees sources of income in case of, for example, natural catastrophic events.

“Parametric insurance is seen as an instrument of resilience and financial sustainability in vulnerable communities, as it guarantees sources of income in case of, for example, natural catastrophic events.”

As an insurtech driven product, parametric insurance depends not only on a vast database, but also on the computing power that enables the treatment of this data as Big Data, and for the setting of very thorough parameters. There are however two critical factors that have slowed down the development and take up of this innovative product: data quality and risk correlation, both of which present significant hurdles for many insurance buyers.

To address these barriers to index insurance being offered by insurers in developing countries[3], the World Bank has created *The global index insurance facility (GIIF)* and published a guide entitled *Risk modeling for appraising named peril index insurance products: A guide for practitioners*. These aim to “help the insurance industry navigate through the complexity of management decision-making, risk modeling and product design”[4].

The European Union’s, *Green Paper on the insurance of natural and man-made disasters* also cites parametric insurance as one of the tools for managing catastrophic risks.

Parametric insurance is not intended to replace traditional damage insurance, and the insurance industry admits mixing parametric insurance with traditional solutions.

But there is no doubt that, by fixing the indemnity to be paid in advance of any claim, parametric insurance diverges from the traditional principle of indemnity[5]. Under Portuguese law a parametric insurance contract is an insurance contract. Furthermore, the Insurance Contract Law (art. 131) already allows that in damage insurance the parties agree on the value of the insurable interest to be considered for the calculation of the indemnity[6].

Even if the wording of parametric insurance breaches the indemnity principle, the consequence of such a breach is not the disqualification of the contract as an insurance contract, but the reduction of the indemnity provided for in article 132, 1, of the Insurance Contract Act or, eventually, the nullity of the clauses that fix a “manifestly unfounded” value of the insured sum (article 294 of the Civil Code). In other words, parametric insurance contracts are allowed to stipulate in advance the indemnity to be paid to the insured, provided it is not “manifestly unfounded”.

In a nutshell: the legal rules on the indemnity principle do not prevent the development of parametric insurance in Portugal but do require that the compensation fixed in advance is not “manifestly unfounded”.

1 https://blogs.worldbank.org/voices/index-insurance-having-development-impact-where-it-s-needed-most.
2 https://steelcityre.com/.
3 https://blogs.worldbank.org/voices/index-insurance-having-development-impact-where-it-s-needed-most.
4 https://elibrary.worldbank.org/doi/abs/10.1596/978-1-4648-1048-0
5 Maria Elisabete Ramos, *O contrato de seguro entre a liberdade contratual e o tipo*, Coimbra: Almedina, 2021, p. 166, ff.
6 See Francisco Rodrigues Rocha, *Do princípio do indemnizatório* no seguro de danos, Coimbra: Almedina, 2015, p. 186, ff.

Maria Elisabete Ramos is an Assistant Professor of Law at the Faculty of Economics of the University of Coimbra. She is a professor responsible for the seminar Directors, Officers and Supervisory board members’ Liability Insurance at the Oporto Law School of the Portuguese Catholic University. She is Vice-President of International Insurance Law Association, AIDA Portugal. She is author and co-author of several studies published in Portugal and abroad, in particular on D&O Insurance which is the subject of her doctoral thesis.

Living Rent Free

Pandemic leads to Loss of Rent insurance claims

by **Daniel Robin** Senior Associate Solicitor, Fenchurch Law

> **It is not yet clear what position the insurance market will take with regard to cover where the policy provides for loss of "rent received".**

The Covid-19 pandemic is something that has caused unprecedented financial losses across the globe. Therefore, it is unsurprising that the pandemic has heavily impacted the insurance market in England.

Most people will be by now (too) familiar with the FCA Test Case which determined a number of coverage issues in relation to the recoverability of Covid-19 related losses in Business Interruption Policies. However, as a quick summary for those who are not familiar with the FCA Test Case and Business Interruption insurance ("BI") in general, most businesses have insurance cover for damage to their premises and for interruption to their business which follows that damage (usually either by reference to the loss of Gross Revenue or Gross Profit). In England and Wales, the loss of use of a premises (in this case due to the pandemic) would not be considered "damage" to the premises and therefore for those with typical BI cover there would not be cover for any losses relating to the pandemic.

However, there are extensions of cover available to some BI insurance policies which include cover for non-damage BI (i.e. interruption to business which follows certain circumstances which are not related to the damage of the Insured Premises).

The FCA Test Case which was initially heard in the English High Court and then appealed to the Supreme Court considered the coverage available under some of these non-damage BI extensions.

While the FCA Test Case did resolve a number of coverage issues in relation to the coverage of Covid-19 related losses under BI Policies, there are still a number of areas of insurance coverage that were not resolved by the Test Case and remain to be determined. One of those issues is the cover available for Loss of Rent.

Recap

On 15 January 2021, the Supreme Court handed down its Judgment in the FCA Test Case. In summary, the findings were:

- Policyholders with Disease Extensions to their BI cover would have cover provided that they could evidence a case within the relevant proximity of their Policy;

- Some Non-Damage Prevention of Access and Hybrid Clauses (clauses which require a disease and some form of government action or advice) will respond, but not those which require an incident or danger or disturbance in the vicinity (although the position on this may also be swinging in Policyholders favour in the near future as a result of ongoing litigation).

However, the Test Case only considered policies providing 'traditional' BI coverage i.e. for loss of gross profit and increased cost of working. Policies providing express coverage for loss of rent by landlords were not considered. Different coverage issues arise in relation to those policies, which are not straightforward.

Loss of Rent

There are generally two types of cover available for loss of rent, cover for rent "received" or "receivable". With regard to "rent receivable", the present position of the insurance market is that cover will only be available for landlords where the tenant was not legally liable to pay the rent due to the pandemic. In England this will usually only be the case if the policy contained a rent cessor clause. However, there have been two recent summary judgment cases in England against tenants seeking to avoid paying rent to their commercial landlords due to Covid-19. These are *Commerz Real Investmentgesellschaft MBH v TFS Stores Ltd* [2021] EWHC 863 (Ch) and *Bank of New York Mellon (International) Ltd v Cine-UK Ltd and others* [2021] EWHC 1013 (Ch) and in both cases it was established that the usual type of rent cessor clauses are limited in application to physical damage and not to situations where the tenants were forced to close due to the pandemic.

The upshot of this is that if the insurers' interpretation of the rent receivable requirement is correct, it will be very difficult for UK-based policyholders to establish that they have cover.

However, this may change if the Commercial Rent Coronavirus Bill ("the Bill"), which is currently under consideration in the UK becomes law. The effect of the legislation would be to relieve tenants from paying rent if the whole or part of their premises was closed due to coronavirus restrictions implemented by the UK Government. If the Bill is passed, landlords might be able to argue that any arbitration award against them which has the effect of alleviating the tenant from paying rent would effectively operate like a rent cessor clause and trigger the loss of rent provisions under the insurance policy.

For European-based Policyholders, the position will depend on the provisions of the leases and the local law in that country. The position differs vastly in different European countries, some countries (for example Portugal) have imposed legislation that overrides any contractual provisions and provides an exemption for certain tenants from paying either the entirety or part of their rent, which policyholders will argue satisfies the test for the tenant not being legally liable to pay the rent.

It is not yet clear what position the insurance market will take with regard to cover where the policy provides for loss of "rent received". The perceived view on the policyholder side of the insurance market is that if the tenant cannot pay due the government restrictions in response to the pandemic (provided that it is the relevant policy trigger), then it would constitute loss of rent received (i.e there is no requirement to demonstrate that the tenant is not legally liable to pay).

Establishing cover for loss of rent is likely to be the first hurdle. The second will be the arguments over how much of the loss can be recovered. This is likely to be determined by how many sub-limits (because every disease, hybrid or PoA extension will carry its own sub-limit) can be recovered, which itself is assessed how many 'losses', 'events' or 'occurrences' has the policyholder suffered. This issue is even more pertinent for policyholders with multiple premises.

While a lot of ground has already been covered, we are still nowhere near the end of determining the outstanding insurance issues. However, we hope that the wave of policyholder-friendly decisions the court has made in relation to these issues continues.

Daniel Robin is a Senior Associate Solicitor and Head of Fenchurch Law's Leeds Office. He specialises in advising insurance policyholders on professional indemnity and property risks and uses his experience of nearly a decade working in and acting for the London insurance market to assist policyholders in achieving the best possible outcome in their insurance disputes.

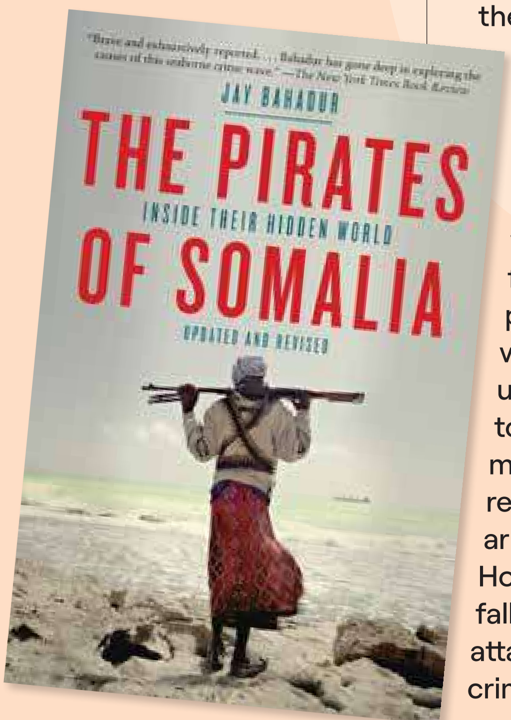
Readings

In this issue of FULLCOVER we sailed across the seas discovering their hidden layers. We hope you find our reading recommendations, linked to our Dossier on Marine, Transport and Logistics, as inspiring as we did.

The pirates of Somalia

inside their hidden world

Jay Bahadur



New York: Vintage, 2012.
ISBN 978-0307476562

This book, which takes a close-up look at the world of Somali pirates is a real page-turner. Journalist Jay Bahadur risked all to infiltrate the secret world of piracy in the Somali region and discovered their motives, their way of life and the reaction of local as well as international authorities.

From the pirates' own justifications for their actions – "defending their ocean against foreign predator ships who fished in their waters in a predatory manner and ended their way of life as fishermen", to his own conclusions on why piracy increased in the area - geopolitical and environmental factors, economic adversity, breakdown of governance, illegal fishing and toxic dumping - he takes us through the recent history of Somalia. And whilst the first incidents involving Somali pirates date from the early nineties, it was only after 2003 that piracy became a business, literally "exploding" in 2008.

While describing international efforts to curb piracy, the author paints a clear picture of how difficult it is to "catch them in the act"; interestingly he points out that strong deterrents such as the presence of armed guards on ships were originally not welcomed by ship owners, or insurers for that matter, with underwriters at Lloyd's, believing their presence might actually increase the risk of a total loss of a vessel. The fact that P&I Clubs also insure liabilities not covered under standard marine insurance, such as loss of life and injury to crew members, also supports the preference for evasive measures from ship owners, rather than a more assertive response. Despite these views, from 2011 onwards the use of armed guards did lead to a decline in the pirates' activities. However, this reduction may prove to only be temporary if the fall results in private security being discontinued, enabling piracy attacks to increase again. Looking into the future, Jay fears this criminal activity will migrate from the sea onto land; and that just as vessel hijacking decreases, land-based kidnappings will grow.

In the final analysis the writer believes that piracy in the area has been, and will continue to be, a direct result of the international community's failed strategy of nation-building in Somalia.

Prisoners of Geography

ten maps that will tell you all you need to know about global politics

Tim Marshall

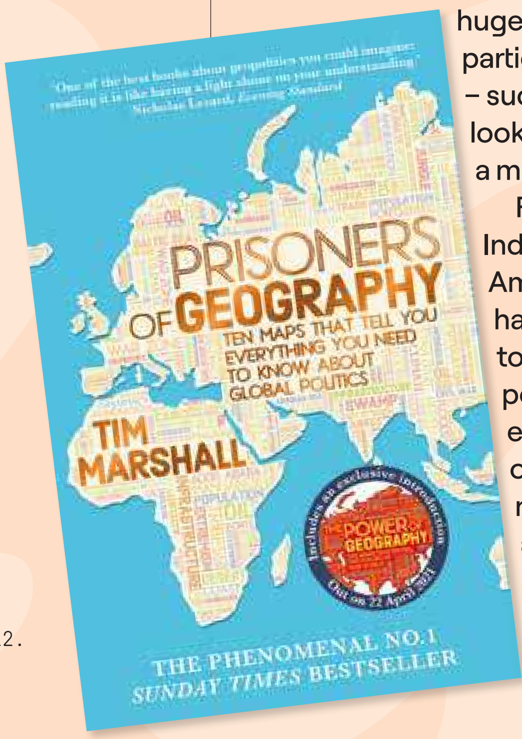
In ten maps of the world's regions, this book provides a fascinating insight and wholly different perspective on the influence of geography on the destiny of countries.

The author's argument is that geography has, and will continue to have, a major impact on world history, shaping the decisions of world leaders. International events, conflicts and wars can, the author asserts, only be understood by taking full account of the hopes, fears and preconceptions formed by history and how these in turn are driven by the physical surroundings in which individuals, societies and communities develop.

The thesis is backed up by a host of examples, such as the fact that China and India, two rival neighbours, have only ever engaged once in battle, due to the existence of a natural, physical frontier, the Himalayas. Rivers and natural harbours are also cited as highly relevant factors influencing countries development. For example, whilst in Europe rivers are long, navigable, flat, and made for trade, and natural harbours abound, in Africa these are very few, and its rivers are not suited to the transport of anything, as every few miles there's a waterfall. These are just two of the factors that may explain the vastly different levels of development in these two continents.

The author also highlights the fact that drawing lines on maps, disregarding the topography and equally importantly, the geographical culture in a given area, is a recipe for disaster. In Africa for example, artificial frontiers have divided ethnic groups and tribes; in Iraq and Syria, conflict is deeply rooted in the history of colonial powers ignoring the rules of geography, whilst the Chinese occupation of Tibet is rooted in accepting them, the three main rivers that flow across China originating in the Tibet plateau.

As the reader progresses through the book, it becomes clear how huge an influence on the lives of countries water in particular has had, as a potential source of conflict – such is in Egypt and Ethiopia over the Nile; and, looking forward, water wars are expected to be a major driver for conflicts this century.

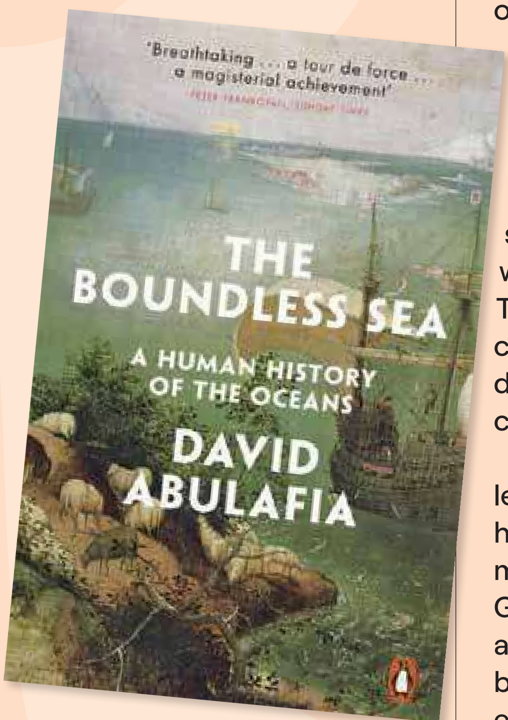


From Russia to the US, Western Europe to India and Pakistan, the Middle East to South America; from countries like Argentina, that have the right geography but haven't been able to address problems like an unfair society or a poor education system, as well as wildly different economic policies, to the Arctic possibly turning out to be just another battleground for the nation states due to its natural resources, the author takes the reader on an amazing journey, and his argument underlines that without doubt, countries, and peoples, are truly the prisoners of geography.

New York: Vintage, 2012.
ISBN 978-0307476562

The Boundless Sea

David Abulafia



The boundless sea: a human history of the oceans. New York : Penguin Books, 2020. ISBN 978-0241956274

This book provides an insightful account of the history of human interaction with the sea, a history, according to the author, that can be traced as far back as 176 000 BC, when humans first navigated the oldest ocean, the Pacific. This was the first area to be colonised by humans who, although lacking the elaborate skills available to later navigators, including the art of writing, passed their knowledge on orally, in an extremely detailed and accurate way.

In comparison, the history of the Indian ocean is much more recent, dating back to only 4500 BC and whereas the Pacific is dotted with islands, the human presence in the Indian ocean is defined by its coast and of course its monsoons that affected the movement of people and the conduct of trade. As for the Atlantic, despite a temptation to assume its exploration began after the Portuguese maritime discoveries and Columbus in the 15th Century, it actually began much much earlier, around 22 000 BC. That said, the importance of Portugal's maritime discoveries is clearly demonstrated, with Vasco da Gama recognised as one of the most important navigators ever.

The heroes of this book, according to the author, are not only the explorers who opened up the routes across the oceans, but also the merchants that followed in their wake. And let's not forget that, right up to the early days of the steam ship, maritime travel posed many risks including shipwreck, piracy, disease and, not least, rulers who saw merchants as fair game in their hunt for funds. Alongside the peaceful merchants, there were also plenty of sea raiders, most famously the Vikings and the pirates of the Caribbean. Also, one should not forget the human beings that were treated as disposable cargoes – the millions of slaves carried across the Atlantic.

Historians only began to write about globalisation from the 1890's onwards – but when it comes to the seas, it makes more sense to apply the term back to when the economy of regions that were physically very far apart showed signs of interdependence. The 20th century however saw a complete transformation in the character of ocean shipping, with the development and then demise of cruise lines at the start of the century, followed by the container revolution.

The author concludes that ocean history is coming to an end, at least in its traditional form. The classic coastal ports of past times have been substituted by container ports where machinery, not men, do the heavy work. Most ships today carry cargo, not people. Global warming is also making journeys around the top of Canada and Russia feasible, linking the Pacific to the Atlantic in ways only before dreamed of. Meanwhile, humans have inflicted severe environmental damage upon the oceans, threatening marine life.

The book ends with a dramatic statement; that at the beginning of the 21st century, the ocean world of the last four millennia has ceased to exist, and its history is now entering an entirely new phase.