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# CMH SPOTLIGHT

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## Marine Cyber Risk And Insurance Market data, Insights and Loss Prevention

The digital era is opening up new possibilities for the maritime industry, but the growing reliance on the computer and software also makes the industry highly vulnerable to cyber incidents.

The risk of a cyber-attack or incident occurring is significant, and this article will provide a glance of cyber risk data; discuss how cyber risk may relate to seaworthiness, Shipowners' due diligence and marine insurance; introduce cyber insurance and loss prevention.

# Marine Cyber Risk And Insurance – Market Data

## Market Data

- According to the Allianz Risk Barometer 2022, cyber risk is this year's top global business risk, with respondents rating it higher than business interruption, natural catastrophes and pandemic outbreaks.
- Market researchers found ransomware attacks increased by 93% from 2020 to 2021, and by end of 2021, it was reported that one out of every 61 organizations globally was impacted by ransomware each week.
- 2021 also saw highest (publicly disclosed) ransom payment to date, with CNA Financial paying cyber criminals USD40 million to unlock the firm's data and regain control of its network.
- When coming to shipping industry, a major cyber event is Maersk's systems shutdown due to ransomware "NotPetya" in 2017, and its estimate of the loss was around USD300 million. This cyber incident is *"responsible for 76 ports on all sides of the Earth, and nearly 800 seafaring vessels... representing close to a fifth of the entire world's shipping capacity, was dead in the water."*
- Till today, the cyber-attacks are still evolving and lurking shipping industry as an "easy meat". CMA CGM said in 2020 September that a breach hit services and affected bookings; since the start of Covid-19, at least one of the world's top five container lines has been hit with a cyber-attack.



# Marine Cyber Risk And Insurance – Impact On Vessels’ Seaworthiness And Issue Of Shipowners’ Due Diligence

## Concept of Seaworthiness

As a warm-up, it is worth reviewing the three central tenets of the traditional concept of seaworthiness of a vessel:

- First, a ship is seaworthy if she has the degree of fitness which the ordinary careful owner would require his vessel to have at the commencement of her voyage having regard to all the probable circumstances of it. In short, the question is: would a prudent owner have required it should be made good before sailing his ship to sea, had he known of it?
- Second, apart from vessel’s physical fitness, seaworthiness extends to ensure that the vessel has i) sufficient, efficient and competent crew, and ii) adequate and sufficient systems on board to address matters that might be encountered during the relevant contractual voyage.
- Third, whether a vessel is seaworthy is to be considered by reference to the state of knowledge in the industry at the time.

## IMO Resolution And Guidelines

- In 2017, the Maritime Safety Committee of the IMO adopted Resolution MSC.428(98) on Maritime Cyber Risk Management In Safety Management System (the “Resolution”), and also the Guidelines On Maritime Cyber Risk Management(The “Guideline”). The Resolution and the Guideline, as enforced on 1st January 2021, recognize the cyber risks must be addressed in existing safety management systems required by the ISM Code.
- Given the enforcement of the Resolution via port state control inspections, the imposed standards can be varying, hence cause problem to operators. To help this out, further guidelines are published by industrial bodies such as BIMCO, CLIA, ICS, Intertanko, IUMI, USCG, IET, ISO/IEC27001, etc..

## Analysis

- In light of above, Shipowners will be expected to act positively to address potential cyber-crime risks that may arise in the course of the voyage, in order for the vessel to be considered seaworthy. Particularly, the two central themes of most of the guidelines mirrored two of the central tenets of seaworthiness – i) the implementation of cyber risk management system (both on shore and at sea) designed to avoid / transfer / mitigate the risk of cyber-attacks; ii) the training and education on crew on identification and mitigation of cyber risks.
- With the Resolutions enforced and various guidelines available, claimant will likely have better chance to successfully argue unseaworthiness and carrier’s lack of due diligence in terms of, e.g. Hague-Visby Rules, as measured against modern requirements. This will then have implications under contracts of carriage and the vessels’ insurance.

## Hull & Machinery Insurance Marine War Risks

- **CL380 – Institute Cyber Attack Exclusion Clause**

This clause was present in majority of marine Hull insurance contracts until late 2019. It excludes cover where there is a cyber-attack even such is a remote cause of the loss. The issue arises whether insurers need to show the software code is malicious or not. Either way, insurers would need to show it is used as a “means for inflicting harm”.

- **LMA5402 – Marine Cyber Exclusion Clause**

After 2019, LMA5402 was drafted to replace CL380. Cyber loss is excluded irrespective of whether it is malicious or non-malicious, and the clause is drafted as a paramount clause.

- **LMA5403 – Marine Cyber Endorsement**

This is the most commonly-used cyber exclusion clause in Hull policies now. The clause excludes malicious cyber loss, in line with LMA 5402, but it affirms cover for non-malicious cyber incidents provided a loss would otherwise be recoverable under the policy. There is no paramount language.



# Marine Cyber Risk And Insurance – To Fill In The Insurance Gap (Cont'd)

## Protection And Indemnity Insurance

### ● International Group P&I Clubs

#### ■ IG Clubs' standard P&I cover

At present IG Clubs' standard cover is “silent on cyber” (except in relation to war risks) since it does not contain any express inclusion or exclusion of cyber risks. However, in view of a developing threat of cyber risks of a nature which fall under war risks, liabilities arising out of a cyber-attack on a vessel may therefore fall within the war risks exclusion in P&I cover which excludes “*any hostile act by or against a belligerent power or any act of terrorism*”.

#### ■ P&I war risk extension cover

P&I Clubs are not the primary underwriters of war P&I cover (which is often provided as an ancillary cover to marine war risks cover). IG Clubs do provide a P&I war risk extension cover, but such cover is subject to the cyber exclusion clauses incorporated into primary war policies as discussed in the previous slide. This could potentially result in an owner who suffers a cyber-attack that falls within the scope of terrorism finding themselves effectively without cover for P&I risks.

#### ■ “Supplemental Cover 2004 (Biochemical risks)”

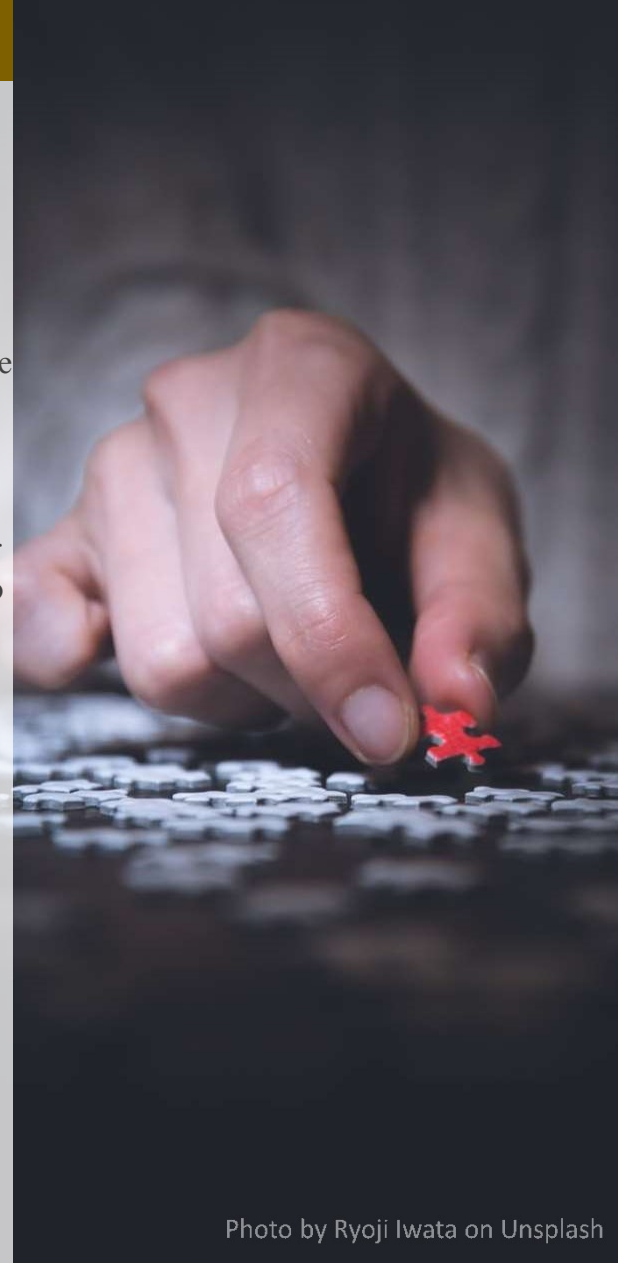
There is a cover buyback that is automatically in place referred to as “Supplemental Cover 2004 (Biochemical risks)”, which provides cover for USD30 million each ship any one occurrence for liabilities to crew only (and under limited circumstance) arising from risks including “the use or operation as a means for inflicting harm, of any computer virus”.

Club Members are obliged to ensure that cover is not prejudiced by acting in an “imprudent, unsafe, unduly hazardous or improper” way and this obligation extends to their conduct in relation to cyber risks.

### ● Fixed premium insurance market

Most fixed premium insurance policies have cyber risk exclusion based on CL380, LMA4502 or 5403.

Given the gaps in the current major marine insurances, it is important to have a digital management strategy, including the availability of cyber insurance, to mitigate such exposure.



# Marine Cyber Risk And Insurance – Brief Introduction to Cyber Insurance

## What is covered: on-shore cyber policy

- Cover for first-party claims could include:
  - ◆ Data recovery or restoration costs;
  - ◆ Forensics expert assistance;
  - ◆ Cyber extortion;
  - ◆ Public relations consultants costs after a loss;
- Cover for third party claims could include:
  - ◆ Claims resulting from loss or corruption of data;
  - ◆ Claims resulting from internet or network failure and assureds not being able to access their data;
  - ◆ Notification costs to the assured's clients, including legal assistance in the event of their data being lost or stolen;
  - ◆ Identity theft costs, and personal exposure monitoring costs.



Photo by Karla Hernandez on Unsplash

- ◆ Business interruption income / revenue loss as a result of network failure.

## What is covered: off-shore cyber policy

- The insured perils buy back relevant part of the CL380, LMA5402 or LMA5403 exclusion clause as it applies within Hull or War policy.

## Common Exclusion

- Interruption of infrastructure;
- Core internet infrastructure failure;
- Bodily injury;
- Oil pollution;
- Technical error and omission;
- Directors and Officers liability.

If you have any interest to know more, please contact us for more information.

# Marine Cyber Risk And Insurance – Loss Prevention Recommendations

## Loss Prevention – Management Of People

Instead of IT infrastructure, most cyber-attacks target individuals who work in the entity. 99% cyber-attacks succeed if people fail to do the basics. For mitigation of risks, employees and crewmembers shall be trained to understand:-

- What can go wrong, and how.
- The necessary actions that must be implemented to establish and maintain an agreed level of cyber security.
- How to identify cyber threats and how to respond.
- Running virus scans on any files and removable drives that access shipboard computers.
- Only open emails and attachments from senders that are known and trusted. Typical phishing emails feature unknown or disguised senders, poor grammar, incorrect information, irrelevance, request for clicking / downloading attachments / uploading information.
- Report suspicious or unusual problems, such as “employer” asking for personal details and password in email, whilst he should have had such information already.
- Know what to do if important IT systems do not work – where and how to get assistance.
- Know what redundant controls and manual overriding possibilities exist in the IT systems to prevent an incident.

- Restrict connection of personal laptops, tablets, smartphones, USB with the ship’s operational systems. Never charge personal devices on ship equipment.
- Post on social media sensibly, as such may give hackers chances to target the weak links.
- Use different password for different websites, avoid using public wifi.

## Loss Prevention – Management Of Technology

- Upgrade outdated systems, legacy technology, insecure and unencrypted connections, to ensure the appropriate infrastructure is employed.
- Ensure appropriate support is available to maintain system security and performance – antivirus, firewalls, intrusion detection systems, software whitelisting, content filtering, etc.
- Maintain systems for authentication and authorisation of users to ensure appropriate access to necessary information. Review access privileges to ensure that they are consistent with the individual’s roles and responsibilities.
- Maintain segregation and segmentation of networks. Critical systems should operate over a segregated infrastructure.
- Monitor and review the effectiveness and robustness of barriers – functional testing, vulnerability assessments, penetration testing, red teaming, testing recovery plans, drills and audits.



# Marine Cyber Risk And Insurance – Loss Prevention Recommendations (Cont'd)

## Loss Prevention – Management Of Process

- Procedures on taking backups and applying system updates – manually by a portable storage device, or remote or automatic updates via direct internet link.
- Data management
  - Ensure adequate protection (encryption) and retention of data based on the sensitivity of the information.
- Software management
  - Keep unauthorised software away from the ship's systems;
  - Require software updates, including security patches, to be applied and tested in a timely manner, by a competent person.



- Password management
  - Ensure that default passwords are changed after initial log-in;
  - Ensure that shared usernames and passwords are not used;
  - Require minimum length (at least 8 characters) and complexity (e.g. uppercase, lowercase, numbers or symbols);
  - Delete the user accounts of colleagues and crew who have left.
- Management of removable media (e.g. USB keys, external hard drives, CDs, etc):
  - Restrict / limit the types of media that can be used and types of information that can be transferred;
  - Improve the protection and ensure the integrity/security of the device.
- Communication and media management
  - Set protocols and channels for communication between the ship and the shore side;
  - Segregate official and operational systems from personal and recreational use computers;
  - Ensure that critical work-related information is not shared on social media or personal email
- Incident management
  - Reduce impact and restoring systems as soon as those have been attacked;
  - Share lessons learnt from the incident to prevent recurrence of similar incidents.

A row of file folders with labels: Clients, Guidelines, Policies, and Su.

Guidelines

**In A Nutshell**



Photo by Brett Jordan on Unsplash

## Background

- The vessel “Eternal Bliss” was under a voyage charter for the carriage of soybean cargo from Brazil to China, with the agreed demurrage rate at USD 20,000/day.
- Due to congestion at the discharge port, the vessel had to wait for a month. Discharge was completed while the vessel was on demurrage, and it turned out the cargo became mouldy.
- Cargo receivers brought the claim for cargo damage which was settled by the ship owners at USD 1.1 million. The liability was then passed down through charterparty chain until the voyage charterer, however, the only breach could be identified was the voyage charterers failed to discharge within the agreed laytime.

## Main issue of Disputes

The main disputing issue is whether demurrage is an owner’s only remedy for the exceeding of laytime.

- The prevailing view had been that demurrage, being pre-agreed damages for the exceeding of laytime, was an owner’s sole remedy if there is no separate breach by the charterer.
- The opposing view was that where laytime is exceeded and this causes a different type of loss to the owner in addition to the detention of the ship, the owner would be entitled to claim such loss in addition to demurrage.



## First Instance

- The High Court held that demurrage was not the owner’s exclusive remedy, so owners’ claim for cargo damages is valid.

## The Court of Appeal

- Court of Appeal asked themselves a key question: what would the parties have considered as covered by demurrage? It was decided the intended demurrage should cover all types of loss.
- The benefit of agreeing liquidated (pre-agreed) damages for all types of loss is to provide certainty in the event of a breach.
- Owners argued that the demurrage rate is often fixed by reference to freight rates, and such showed that it was only intended to cover damages for detention (and not any other type of loss). While the cargo claim liabilities were a different type of loss, and therefore they would be recoverable as damages in addition to demurrage. Court of Appeal opined that such links to freight rates does not rule out demurrage being intended to cover other types of loss as well as detention.
- The court concluded that to allow an owner to bring other claims against a charterer would “disturb the balance of risk inherent in the parties’ contract”, as the former usually has P&I insurance for cargo claims while the latter may not.



## Comments

- Unless being overruled by the Supreme Court, the Court of Appeal ruling turns out that under standard demurrage clauses, the damages for delay are limited to the amount stated in the demurrage clause.
- To override this, parties negotiating voyage charters may consider specifying what types of losses the demurrage is to cover (e.g. covering everything except for cargo claim); or adjust the demurrage rate to ensure it can cover all losses that may arise from delay.

# In A Nutshell – Why The Shipper Was Not The Shipper

*Case reading of MVV Environment Devonport Ltd v. NTO Shipping GmbH & Co. KG MS Nortrader*

## Background

- The claimant, MVV Environment Devonport Ltd (“MVV”), entered into a contract (“the IBA Contract”) with RockSolid BV (“RS”) for disposal of a waste product called “UIBA”.
- Under the IBA Contract, the UIBA became the property and responsibility of RS when it was loaded onto its vehicles at the claimant’s plant, and RS was responsible for arranging shipments of UIBA to its plant in the Netherlands by:-
  - Chartering vessels under voyage charterparty, which named MVV as shipper, RS as charterer, and Sanders Stevens Ltd. (“SS”) as loading agent;
  - Procuring the shipment aboard the vessel;
  - Issuing a Bill of Lading for the shipments through SS; the B/L incorporated the voyage charterparty, naming MVV as shipper and RS as consignee.
- The case arose when a cargo explosion occurred on board after loading on the chartered vessel “MV Nortrader”. The disponent Owner - who had chartered the vessel “MV Nortrader” to RS, commenced arbitration proceedings against MVV based on the contract of carriage evidenced by the bill of lading.
- MVV applied to the court to challenge the tribunal’s jurisdiction on the basis that it was not a party to the contract of carriage and it had been wrongly identified as the shipper in the bill of lading.



## Court Decision

- The court held that the B/L could be a starting point to evidence the identities of the parties (i.e. shippers and carriers) to a contract of carriage, but it shall not be the decisive evidence. MVV is entitled to show that it has been wrongly identified as a party to the contract of carriage.
- It is to be determined that whether either RS or SS had authority to act as the agent for MVV to enter into a contract of carriage. The court held neither RS nor SS has the authority, by analyzing whether different ways of agency relationship under English law would apply:-

- Express authority

According to the IBA contract, the exclusive responsibility for transportation of all UIBA rested with RS; it was held the IBA contract is a principal to principal agreement rather than an agency agreement to authorize RS to enter into a contract of carriage on behalf of the MVV.

There was no express contract between MVV and RS, nor MVV and SS.

- Implied actual authority

Implied actual authority may exist when a party has been given express authority as the pre-condition. As neither RS nor SS had express authority, no implied actual authority exists.

- Ostensible authority

Ostensible authority arises where a party, by its words or conduct, holds out that another party is authorized to act as its agent. On the facts, the court found MVV did not do this.

- It was held that MVV was not a party to the contract of carriage, despite being the named shipper on the B/L. Therefore, MVV was not a party to the arbitration agreement incorporated into the contract of carriage and the Tribunal had no jurisdiction over MVV.

## Comment

As the B/L is merely the evidence of the contract of carriage rather than the contract itself, the shipper named on the B/L will not always be the shipper under the contract of carriage. It is advisable to be aware who you are contracting with and who can sue or be sued when claims arise.

# In A Nutshell – Loss Prevention On Cargo Hold Pontoon Handling Operations



There is a rise in the frequency of incidents involving crew members being fatally or seriously injured when working on the cargo hold pontoons during cargo operations.

## Loss Prevention Recommendation

- Conduct a risk assessment for the operation and evaluate the vessel's possible dangerous motions and review the risk assessment during the pontoon moving operation.
- Hold a toolbox meeting before handling the cargo hold pontoons. Assign only one task to each person involved in the operation.
- Ensure the crew always wear the correct PPE and high visibility clothing for the operation.
- Understand and obey the order in which pontoons will be moved. Remind crew that "stop the job" rules apply.
- Ensure that the proper certified lifting equipment is utilized to move the pontoons.
- Always deploy a signalperson to give guidance to the crane driver, especially if the crane driver doesn't have a clear view of the entire manoeuvre.
- Define primary and secondary means of communication among all parties undertaking operations, whether they will use walkie talkie radios or hand signals. It is preferred that each member of the crew be given their own radio.
- Before each manoeuvre, the signalperson and crane driver are aware of the positions of all crew members.
- During each manoeuvre, the crew know and agree on the safe position to stand. For example, no crew members should be standing between a pontoon and another structure onboard.
- There must be no standing on the pontoon by the crew when undergoing lift and in motion, until the load is in position and stable and the pontoon's weight is off the hook.
- Instruct the crew not to physically handle the pontoons but allow the machinery to do the hard work during handling operations.



# Market Snapshot



# Market Snapshot: Ukraine Crisis Related News

## Russia Offers Safe Passage To Ukrainian Grain Ships

- Russia stated on 15<sup>th</sup> June that it has offered “safe passage” for Ukraine grain shipments from Black Sea ports, but is not responsible for establishing the corridors.
- Ukraine fears de-mining its ports would leave it more vulnerable to Russian attacks from Black Sea.
- Since the location of the mines is known, Turkey proposed to establish certain safe lines at three ports using guidance of Ukrainian vessels, in this way the ships can arrive and depart the ports safely without clearing the mines.
- The United Nations is cooperating with Turkish authorities on this issue in order to resume Ukraine exports. There will be a need for agreement from both the Ukrainian side and the Russian side.
- Turkey, which has the second-biggest army in NATO and a substantial navy, has good relations with Ukraine and Russia.

## EU Bans New Insurance For Ships Carrying Russian Oil

- The EU approved 6<sup>th</sup> pack of sanctions against Russia, including an immediate ban on new insurance contracts for ships carrying Russian oil.
- Existing contracts are to be phased out over 6 months, counting from the entry into force of the sanctions package.
- Impacted by insurance ban, Russia, India and other Asian buyers will have to use domestically owned or controlled tonnage to move the crude.
- Market estimates the insurance ban in this package may cut Russian exports by 50%. In 2012 an EU oil embargo on Iran prohibited EU insurers from covering Iranian oil exports, and that served to reduce Iranian exports oil exports by up to 30%.
- The other approved EU measures in this package will forbid the purchase of crude oil from Russia delivered to member states by sea in six months and refined petroleum products in eight months.

## Russian Oil Tankers Get India Classification Via Dubai Company

- Western classification societies stopped services to Russian companies due to sanctions.
- In March 2022, following a vote by 75% of IACS members, the Russia Maritime Register of Shipping’s membership in IACS was withdrawn.
- By end of June, the Indian Register of Shipping (IRClass, a member of IACS) website showed that it had certified more than 80 ships managed by SCF Management Services (Dubai) Ltd, a subsidiary of Sovcomflot.
- IRClass reiterated that they have not classed vessels which are owned, flagged or managed by Russian companies. Technically this is true, as SCF Management Services (Dubai) is the manager that obtained the classification.

## Iran Tests New Trade Corridor To Ship Russian Goods To India

- Since Russia was sanctioned over its conflicts with Ukraine, Iranian officials have been keen to revive a stalled project “North-South Transit Corridor” that uses Iran to link Russia to Asian export markets.
- Iran’s state-run Islamic Republic of Iran Shipping Line Group has started its first transfer of Russian goods to India in mid-June to test the new corridor.
- The cargo will cross the length of the Caspian to the northern Iranian port of Anzali and will be transferred by road to the southern port of Bandar Abbas on the Persian Gulf. From there it will be loaded onto a ship and sent to the Indian port of Nhava Sheva.

# Market Snapshot: Alarm On Monkeypox Outbreak

## Monkeypox Outbreak

In past few months, more than 550 cases of monkeypox have now been recorded in 30 countries around the world, according to the WHO, spreading from Africa predominantly to Europe. In end of May, WHO declared the monkeypox outbreak as a moderate global public health risk.

## Symptoms

The incubation period for monkeypox is usually 7–14 days but can range from 5–21 days. The illness typically lasts for 2–4 weeks, with preliminary symptoms like flu. Within 1 to 3 days (sometimes longer) after the appearance of fever, the patient develops pus-filled skin lesions.

## Transmission of Monkeypox

- The virus enters the body through broken skin (even if not visible), the respiratory tract, or the mucous membranes (eyes, nose, or mouth).
- When a person comes into close contact with an infected animal – rodents are believed to be the primary animal reservoir for transmission to humans.

## Impact on shipping

- Bangladesh introduced restrictions, with the port of Chittagong and Mongla banning shore leave for all crew unless in the case of an emergency and requiring signed-off crew to undergo health checks.
- Other nearby nations, such as China and India, have been discussing tightening entry measures as the world braces for the spread of the disease.





## Market Snapshot: Scrubber-Fitted Ships See Huge Savings as Fuel Spread Widens

- About 8% of the global shipping fleet are currently using the scrubbers. Owners who installed scrubbers on their vessels are allowed to burn dirtier fuel, and due to the recent supply glut, they are purchasing HSFO in Asia at massive discounts compared to cleaner bunker varieties.
- The collapse in HSFO prices has been partially driven by increased Russian flows to Asia and the Middle East, as a result of US and EU restrictions.
- The cost of VLSFO has surged as refineries are maximizing production of gasoline at the expense of VLSFO.
- The HSFO-to-VLSFO price differential, i.e. Hi-5 spread, is most significant in Singapore that hit a record USD527 a ton in mid-June, but is still elevated in Middle Eastern and European re-fueling hubs. It was USD408 a ton in Fujairah and USD330 a ton in Rotterdam, mainly due to less impact from the Russian HSFO flows.
- While the current savings may prompt some vessel owners to consider scrubber installation, the uncertainties around whether the price trend will last, and the long-term transition to cleaner fuels may complicate their decisions.

## Market Snapshot: Tanker Market in Changing Tides

- In the 6th round sanctions, EU and UK will prohibit Russians from receiving insurance services for shipments. Shipowners and charterers will be forced to seek new insurance channels, and restrict the pool of tonnage willing to transport Russian oil.
- The outcome of EU's sanctions is that some 2.5 to 3mbd of crude oil and 1.5mbd of refined products will have to find a new buyer, or not be produced.
- For Europe, the loss of Russian barrels revealed a massive feedstock shortage, which will have to be refilled elsewhere. European refiners are expected to increase imports from the Middle East, West Africa, and the United States, as well as local North Sea barrels, raising prices for these grades and encouraging Asian customers to expand their Russian intake.
- It is predicable that Europe will have a significant deficit of diesel as well, pointing to steep increases in imports and longer voyages.
- Oil prices are likely to rise further unless oil supply from alternative sources increases significantly, further squeezing demand.

## LNG Carrier Spot Rates Reach Record As Demand Soars

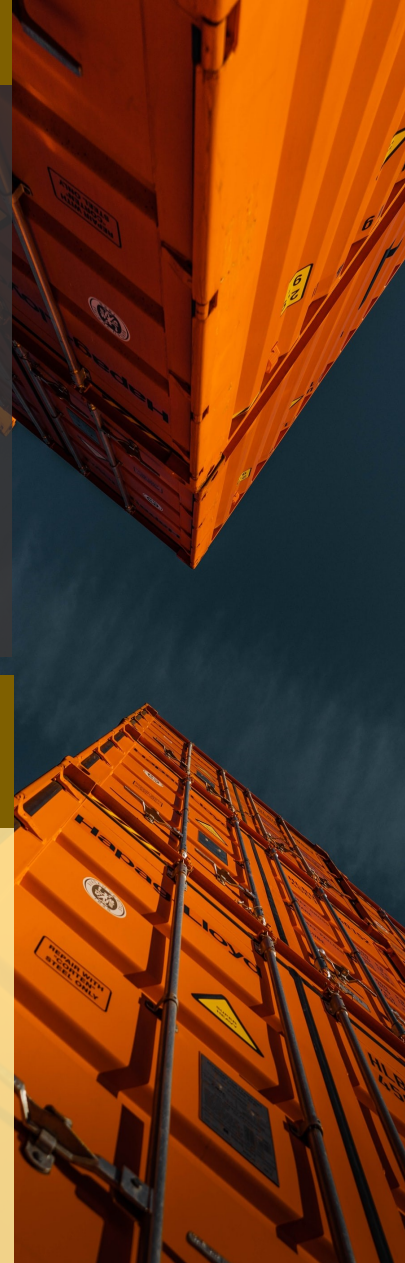
- Freeport LNG's Gulf Coast LNG liquefaction plant suffered a fire accident on 8<sup>th</sup> June which caused the facility out of service at the moment. Its partial operations are expected to resume in around 90 days, but full operations will not be recovered until the end of 2022.
- This facility has export capacity of 15 million tonnes per year, ranking 7th largest in the world. Market observers anticipated the service suspension of Freeport LNG will result in a loss of supply and impact the LNG shipping market, although not yet revealed at current moment.
- Due to sanctions on Russian gas cargoes, there is soaring demand for LNG which led to more vessels being on long-term charters and fewer vessels in the spot market.
- LNG spot rates have bounced back since May and reached records in mid-June. Spot rates for transporting 160,000 cubic meters of LNG in the Atlantic Basin is USD100,000 per day, and USD85,000 per day for Asia, or the East-of-Suez. Both prices are substantial higher compared to the average for the year, with year-date average for Asia of USD49,000 per day.

## Market Snapshot: 10.5% Of Containership Fleet Remains Unavailable Due To Delays

- According to market intelligence, the number of containerships waiting at port for berths has been dramatically improved.
- Since between January and April, the global fleet unavailable due to delays fell from 13.8% to 10.5%, representing 3.3% of the global fleet has been released back into operation. Despite the marked improvement, it still equates to 10% cut in global capacity when demand remains extremely high.
- From perspective of the landside, a market index for terminal congestion has fallen from 95% earlier this year to below 50%. Much of the improvement has been seen in Spain, Italy and Greece.

## Market Snapshot: Shanghai Port Congestion Eases As Pandemic Measures Relaxed

- On 1<sup>st</sup> June, Shanghai has started to ease COVID-19 restrictions that have restrained port operations since March, as a result, average waiting times for tankers, bulkers and containerships at Shanghai have started to shrink.
- Market analyst observed the congestion at Shanghai port has reached near to normal levels, but wait times specifically for containerships remain slightly longer than the range seen for the time of year over the last three years.
- If trucking capacity returns to normal, container flows can pick up dramatically during June.



## Market Snapshot: The Fate Of Jumbo Floating Restaurant

- Jumbo Floating Restaurant, the 46-year-old iconic landmark of Hong Kong, was towed out of the Aberdeen Typhoon Shelter after its operating license expired in June 2022.
- Its Owners said they found a new parking spot and had plans to undergo maintenance in Southeast Asia.
- On its way to Southeast Asia, Jumbo Floating restaurant encountered adverse weather conditions and sunk in the South China Sea on 19<sup>th</sup> June.
- Despite the efforts of the towing company responsible for the trip to rescue the vessel, it capsized. Since the water depth exceeded 1,000 metres, it was not expected to carry out salvage works.

## Market Snapshot: Iranian Tanker Seized by Greece on Behalf of U.S. Released

- The tanker vessel “Lana”, once reporting an engine problem in April, headed to the southern Peloponnese peninsula to offload its cargo but forced to moor by rough seas just off Karystos, where it was then seized.
- The incident led to an angry response from Iran, with Iranian forces seizing two Greek tankers in the Gulf in May as a punitive action against Greece.
- The Greek government issued an order to lift the ship’s seizure and return cargoes to their owners around 14<sup>th</sup> June.
- It was reported that a Greek court also overturned an earlier ruling which allowed the confiscation by the USA of the Iranian-flagged tanker’s Iranian oil cargo off the Greek coast.

## Market Snapshot: Norwegian Hull Club Ceases Its P&I Business

- Norwegian Hull Club announced on 21<sup>st</sup> June to cease its P&I business which was established in 2008.
- Starting from the announcement date, the Club will no longer enter into new or renew any Owners’ / Charterers’ P&I and FDD business.
- The Club’s P&I team will continue to maintain the service for existing P&I clients until the risks expire.
- The termination of the P&I product line allows Norwegian Hull Club to better focus on their core business segments as the marine and offshore energy industry transitions to greener operation.

## Market Snapshot: President Biden Signs The Ocean Shipping Reform Act Into Law

- On 16<sup>th</sup> June, President Biden signed the “Ocean Shipping Reform Act of 2022” which aimed at cutting overseas shipping prices and curbing the rising inflation in U.S.
- The new law directs the Federal Maritime Commission to prevent ocean carriers from unreasonably refusing to fill open cargo space with U.S. exports and to investigate late fees charged by shippers.
- The Act tries to address American importers and exporters’ complaints that Asia- and Europe-based firms controlling 80% of global seaborne capacity are immune from US antitrust laws and need to be held accountable for pandemic-driven cost increases.
- The World Shipping Council commented that the attempts to blame ocean carriers are inaccurate; instead, America needs to address the root of its supply-chain problems which is the lacking of capacity in its land-side logistics infrastructure. As long as America’s ports, rail yards and warehouses remain overloaded and unable to cope with increased trade levels, vessels will remain congested outside the ports to the detriment of the importers and exporters.

# Happy reading, take care and see you in July!

Editor: Summer Hao  
[summerhao@cmhoulder.com](mailto:summerhao@cmhoulder.com)

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