

**IUMI Amsterdam 2005  
Loss Prevention Committee**

**Questionnaire**

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**Egypt**

There are several innovations that have taken place in the Egyptian Ports that will help in loss prevention. We have the pleasure to inform you with the great development that is taking place on these ports as follows:

**(A) Information Technology Projects**

The A.P.A. (Alexandria Port Authority) is establishing a comprehensive information system which enables all the port community members, banks and consignees to exchange the information of the vessels and cargo loaded. The project will provide the information in real time and allows the exchange of this information.

Besides, dealing with the documents electronically allows the consignees to clear their interests electronically, and the consignments will not take so much time once they are arrived to the ECS (Electronic Clearance System). This method will shorten the cargo handling process and decrease the storage time inside the port.

Moreover, the project will track the containers and the cargoes as well as the handling operations. The data will be transferred to the main center for electronic-management and the system will supply the necessary applications and software through the best specialized companies in the field.

**(B) New Containers Terminal Project**

Two containers terminals will be constructed at Alex. And Eldekhila ports as the cargo handling by containers is expected to be 90% of the total cargo received in both ports. An international company will manage two terminals using new modern generation of containers cranes. Besides, a new terminal was built in Damietta port which has recently started the task of exporting L.N.G. (Liquid Natural Gas). In addition, a site in Ideco coast is carrying the same task of liquidizing the natural gas for the purpose of exportation.

**(c) Electronic Control System-ISPS Code**

Egypt has joined the ISPS Code whose rules have been carried out since 2004. As a result of this, the following additional tasks will be performed:

- Controlling water surface, land and customs gates through camera controlling system.
- Supplying a security system for Alex. & Eldekhila fairways.
- Supplying a security system for customs gates and entries.
- Controlling berths activities.

**Italy**

Every year, innovations in loss prevention techniques, methods and technology become evident in the marine insurance industry (as examples, RFI technology, Port State Control, ISPS Code, etc.). Please identify any recent innovations which have been, or are expected to shortly be, implemented in your market and the loss prevention improvement (or deterioration) achieved or expected as a result. Please do not limit yourself to cargo only, but include hull and any other marine line you wish to identify.

The IMQ - Italian certification body with whom ANIA has established co-operation – has issued a new regulation for the certification of the telesurveillance stations, whose aim is to monitor and locate, by satellite, goods during carriage.

This regulation has been introduced in the Italian market and complies with the requirements set out in the Rule UNI 11068 – UNI, National Italian Body for the Unification - which defines the procedural, structural and check characteristics essential to realize a telesurveillance station.

To fill the normative gap after the coming into force of the EC Directive 95/56 (which relates only to motor vehicles) it is going to be issued by CEI (Italian Electrotechnical Committee) the technical rule which shall apply to anti-theft devices for trailers or semitrailers, hooked to the tractor or unhooked.

ANIA strongly believes that good information and communication can contribute and bring positive effects in loss prevention and, on this regard, we

- have drawn up an ad hoc multimedia handbook - addressed to the operators (underwriters and consumers) – that gathers information, documents and legislative provisions about the classification, the proper conservation and the distribution systems of the perishable goods.  
This study gives some useful guide-lines and recommendations to the actual needs of the insurance sector: from the assessment of the risks related to the voyage; means of transport; method of stowage; nature of goods being carried, to liability policies' forms; procedures to follow in reporting a damage (by the Assured) and in assessing the same (by the Loss Adjuster).  
This handbook will be presented during the Amsterdam conference and after published, also in English, on ANIA's website;
- are **1)** updating the broadly known list of guarded parking areas and stop areas for trucks in Italy in order both to implement the security standards of those areas already listed and to find new ones; the new version will be available by the end of this year and published on ANIA's website; **2)** drawing up a new list of parking areas located in the ports and retro-ports zones, in consideration of the increase of crimes in this specific places;
- organised two specific Workshops on the following items:
  - **ISPS CODE** (in June 2004) to examine the effects on the Italian insurance market of the coming into force – as from 1<sup>st</sup> July 2004 – of the Code
  - **TECHNICAL UPDATING** (7<sup>th</sup> June 2005) - in co-operation with IMQ - addressed to underwriters, manufacturers of anti-theft devices / satellite systems, Loss Adjuster, on: regulations concerning the anti-theft devices for the protection of motor vehicles used for the carriage of goods; relevant rules/conditions contained in the Italian policy forms, Loss Adjusters' fulfilments in assessing the damage; certification procedure (by IMQ) of an anti-theft device / telesurveillance station.

Presentations of these initiatives are published on ANIA's website (only Italian language).

## Morocco

### THE SAFETY AND THE HARBOR SECURITY IMPOSES THE STRICT APPLICATION OF THE CODE I.S.P.S.

Morocco, as signatory of the Convention Solas, took all measures that impose themselves to reinforce the security and the safety on board of the ships flying Moroccan flag and in the harbor surrounding walls, and that, in the goal to conform scrupulously to the prescriptions of the I.S.P.S code.

Some efforts agreed and oriented in three direction : the domain of the maritime security while supporting on the control of the ships by the state of the port, the prevention of the pollution of the maritime waters and the domain of the maritime and harbor safety with the stake of it works of arrangements of the I.S.P.S code.

The security and the safety made the object of a meeting between the members of the Union of the Harbor Administrations of the North Africa " UAPNA ", that understands besides the countries forming the UMA, Egypt and Sudan. This event that constitutes a flat shape of exchanges of the experiences between the ports allowed the members of this union to study the present situation of the stake opens of it of arrangements of the I.S.P.S code in the ports of North Africa.

In the facts, the security and the harbor safety stays a problematic major and a permanent preoccupation of the persons responsible and the harbor authorities. It incites obviously to the exchange of experience and to cooperation between rich and poor countries concerning prevention, treatment and struggle against all risks, of which mainly terrorism. Because, the big means impose themselves for eradicate this curse.

On the plan materials the Moroccan ports equipped themselves with 5 mobile scanners to x ray, that provides precise and accessible pictures high-speed, what permits today to control a bigger number of trucks, trailers and containers, are endowed of extended tunnels and a capacity of penetration of 330 steel mm.

These facilities required an investment of 23, 2 millions of dollars. This program also consists of 11 scanners for the control of the luggage to hands, 16 magnetic porches for the passengers, 40 metals portable detectors, 3 VT radars, 11 systems of identification of the "AIS" ships and 4 "ARPA" radars.

In addition to these acquirements, the harbor authorities made other investments to reinforce the security in the port of Casablanca. Such : the construction of 5.400 m of walls of fences, the installation of cabins, mobile gates and the setting up of the monitor points to verify the access at the restricted zones.

Omar BOURHABI – GENERAL SECRETARY OF C.A.M.M.

## The Netherlands

The main issues stressed by our members are the following :

### Regarding road transport :

- There is a clear difference in Loss Prevention awareness between high technology materials (computers, cell phones, ...), and other goods.
- There is a tendency to exclude miss-appropriation damage in qualified transit and storage contracts.
- Specifically for the Dutch market an agreement "*approach criminality in the road transport branche*" has been signed in 2004 by, between others, the Dutch Association of Insurers, the EVO, TLN, the Ministry of Justice, the Ministry of transport, ...

The target of this agreement is to decrease transport criminality by 25 % by 2008.

In this frame their has just been started with the cell broadcasting technique. This technique warns drivers by a kind of SMS that there has been stolen in the direct environment a truck or a cargo. Moreover their has been set up a black list that mentions all the employees who have been involved in criminality.

Furthermore this agreement makes also point of safety on parking places.

Finally, within this project "*tracking and tracing systems*" are promoted. This system permits to find out the geographical position of a truck or ship. However. Limited experience and lack of certification are hindering their practical use. Therefore, widespread implementation is only expected after this issues has been resolved. Measurable effects are expected within 2 years.

### Regarding marine transport :

- Evidently ISPS-compliance is being widely implemented among the Dutch marine underwriters.
- Tracking and tracing, as mentioned above, is also been applied in marine transport.
- Also in our government the piracy issue is in on the agenda

## Singapore

Every year, innovations in loss prevention techniques, methods and technology become evident in the marine insurance industry (as examples, RFI technology, Port State Control, ISPS Code, etc.). Please identify any recent innovations which have been, or are expected to shortly be, implimented in your market and the loss prevention improvement (or deterioration) achieved or expected as a result. Please do not limit yourself to cargo only, but include hull and any other marine line you wish to identify.

### **Reply from members:-**

Member 1 : Our answer is ISPS code for vessels.

Member 2 : Our response is NIL. However, on other issues, it is very common for cargo insurers here to insist that for shipments by barges or LCT in S.E. Asia Region, the carrying barge and tug must be properly fitted with an approved GPS tracking system. This came about because of the high incidence of piracy and hijacking on such vessels.

The hull insurers of such vessels also imposed such a warranty as well.

## Slovenia

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Last year we didn't notice any special changes in loss prevention techniques, methods and technology that would have an impact on decrease of losses. The biggest problem are thefts of goods in transit in Italy. Because this has been a problem for many years, some prevention methods have to be defined.

For carrier's liability insurance there are still restricted conditions for transport to BIH, Serbia and Montenegro and former USSR republics, prepared for the cover of thefts of goods or thefts of whole vehicle with the cargo. Such thefts are covered only if the vehicle stops on protected parking places and if it is under control all the time. For all other countries it is allowed to park the vehicle on organised and lighted parking place.

Slovenian Insurance Association, together with the Chamber of Commerce and Industry of Slovenia, is preparing a brochure about CMR convention that will be basically published for carriers. It's purpose is to show carrier's liabilities and rights according to the cargo owners who order the transport, to define the difference between cargo insurance and carrier's liability insurance and to show some juridical praxes on this field in EU countries.

Also a new state regulation for money transport is being prepared by ministry of the interior, Slovenian Insurance Association, Slovenian Bank Association and chamber of protection companies. The regulation is supposed to be finished during this summer and it will define minimum protection conditions for transport of money and other valuable goods.

## South Africa

**Data Tracking Device for Smallcraft:** A unique software system has been developed whereby one is able to communicate directly with one's vessel without going through a manned base station.

The product is known as Marinesure and is a mobile interactive GSM and GPS device. This unit requires minimum installation time and can be placed in any marine vessel.

Communication with Marinesure is by means of pre-assigned cellular phones and a PC base station fitted with an appropriate GSM modem.

It also has an RF tracking beacon, which can be used as a back up that can pinpoint the location of the vessel. The open-air range of the beacon is 50km when tracked from a helicopter.

The GSM infrastructure offers a fast, reliable, verifiable and no signal lost communication system.

Unlike radio signals, the GSM system is fully bi-directional between cellular phone users and the vessel.

This keeps the vessel owner in control 24 hours a day and seven days a week of his vessel from any GSM territory worldwide.

**Freight Finder:** This is a cargo tracking device that was introduced in May last year and was previously mentioned in our 2004 report.. It is being continually upgraded and we have just seen a successful recovery following a recent incident.

**Risk Management on Commercial Hull:** Depending on the age of the vessel most underwriters will insist on risk control surveys i.e. condition vessel reports, prior to the attachment of the risk. Independent assessors carry out these surveys.

Machinery Breakdown cover is not normally given on older vessels, but will be considered on the newer type of vessels normally subject to a high deductible.

**Market Agreement with regard to Cell Phones:** When a consignment of phones is stolen the cell provider is contacted and these phones are then blacklisted on the market and are unable to be used.

This is an agreement between Insurers, Police and Service providers and applies to any stolen phones and not just consignments.

**SAIA Approved:** This is a subsidiary company of The South African Insurance Association.

It was established to create an underwriting tool for the industry. This body aims to set standards for insurance industry related products, to test products against these standards and to attempt to find different ways and means to improve the quality of such products.

The result of these efforts should be lower risk for insurers, as well as for the consumers.

A website has been developed which has become a living site with updates every few days as media articles are added and new approved products join the list of previously approved products.

AMUSA Executive Committee

July 2005.

## **Sweden**

The main tendency on Loss Prevention in Sweden is from our point of view that some of the major clients are starting up high-quality integrated door-to-door transportation systems which minimize the handling of the cargoes and thereby increases transportation quality manifold, an example of this is Stora Enso Oy.

Some years ago the Swedish Association of Marine Underwriters (SAMU) was involved in producing a new handbook on cargo handling. The mentioned book is today used as guideline in the market furthermore has the handbook also been adopted by the Swedish Road Administration.

SAMU organises, for the Nordic market, a number of courses and seminars where securing-, loading-and handling the cargo are focused, the focus referring to the hole out of the transportation. The courses and seminars have been attended by as well the insurance market as external participants, from for instance haulage contractors, brokers, adjusters, banks, shipping-industry and harbours.

## **Switzerland**

The following loss prevention measures, introduced over the past few years, were realized:

- insurance conditions referring to the protection of particularly sensitive cargoes were put up-to-date

This means in actual fact

- security provisions in respect of damage to and loss of cargo were tightened
- in general deductibles are increased
- sums insured are decreased is security provisions are not met (or met only partially)
- recommendations to insureds to upgrade trucks with controlling equipments such as Eurowatch and similar
- tightened rules in respect of writing of marine risks in central and eastern Europe
- lower sums insured for policies covering valuables such as watches and jewellery
- fresh products such as poultry, meat, fish, fruit, vegetables, flowers etc: use of cooling equipment (containers) with special safety and protection features.

## **United Kingdom (1)**

### **London Market Response**

With reference to the general question posed in relation to loss prevention activities within the market, the various London Market Joint Marine Committees have undertaken the following activities over the past 12 months which would fall within this category:

#### **Joint Hull Committee**

A working party is working on a series of wordings identifying specific areas of risk assessment within the hull account. This includes work to outline surveys on overall condition and structural condition, engine room and engine room management and overall Management. This work is currently ongoing.

The JH 143 Shipyard Risk Assessment Form is also being re-visited to ensure it continues to meet with underwriters' requirements.

### **Joint Cargo Committee**

The JCC continues to be involved in the Steering Group which oversees the Operation Grafton initiative, which concentrates on theft of cargo from the environs of Heathrow. The success of the initiative has led to a move to expand activities to other areas of the UK.

The JCC continues to provide, in conjunction with Exclusive Analysis, the Global Cargo Watch List, an online facility listing areas of enhanced exposure in relation to cargo war and strikes coverage. The list is available to access via [www.exclusive-analysis.com/cargo](http://www.exclusive-analysis.com/cargo).

In addition the JCC introduced two sets of clauses, The Institute Metals Storage Clauses (A) and (B).

### **Joint Rig Committee**

The Warranty Surveyor voluntary Code of Practice, first issued in July 2004, was re-issued in March 2005. The Code of Practice, which is entirely voluntary, outlines the obligations for both the surveyor & underwriter. It has the following objectives:

To:

- Clarify the role of Warranty Surveyor.
- Define the function of the Warranty Survey Scope of Work.
- Outline approval criteria for Warranty Surveying activities.
- Establish minimum standards for Warranty Surveyor performance.
- Establish guidelines for communication with underwriters.

A copy of the Code of Practice is attached.

The JRC is close to agreeing a Generic Scope of Work Document for use by Warranty Surveyors, this is being drafted in conjunction with various Survey firms.

### **Joint War Committee**

The Joint War Committee produced a list of areas of enhanced exposure in relation to hull war, strikes, terrorism and related exposures. The list, issued on 20 June 2005, was compiled in conjunction with independent advice provided by Aegis Defence Services Ltd.

The listing is available on-line at the websites of both the LMA and IUA:

[www.the-lma.com](http://www.the-lma.com)  
[www.iua.co.uk](http://www.iua.co.uk)

### **Claims**

The International Marine Claims Conference, independently organised by a number of claims practitioners in the London Market, was held in Dublin in September 2004. The Conference entitled "Communication is the Key" attracted 138 delegates representing 15 international markets including London, the US, Japan and Australia as well as most of Europe. The Conference was rated very successful by the attendees and a second event entitled "United we float, Divided we sink" is scheduled for the same venue in October 2005 and is already fully subscribed. The Conference will be sponsored by a number of organisations, including the LMA and IUA, and the main items for discussion will be the roles of all parties in a salvage situation, the costs of handling claims and quality of experts, and the consideration of a leaders' protocol.

## **United Kingdom (2)**

### **Joint Rig Committee Warranty Surveyors Code of Practice (JR 2004/005)**

Attached for underwriters use and information is a copy of the Joint Rig Committee Warranty Surveyors Code of Practice, drawn up between the JRC, and the Advisory Panel of Warranty Surveyors. (Initial members of this panel are: Matthews Daniel, Noble Denton, London Offshore Consultants, and Global Maritime).

The Code of Practice, which is entirely voluntary, has the full support of the JRC & the Advisory Panel of Warranty Surveyors and outlines the obligations for both the surveyor & underwriter. It has the following objectives:

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- Establish guidelines for communication with underwriters.

It is recommended that where underwriters wish to adopt use of the Code of Practice reference is made to this under the "information" section of the slip, as it does not form part of the contract between insurer & insured.

Should underwriters have any questions on the background, & use of the Code of Practice, please contact Neil Smith, secretary to the Joint Rig Committee ([neil.smith@lloyds.com](mailto:neil.smith@lloyds.com) 020 7327 8333), or Len Messenger, chairman of the Warranty Surveyors Working Party, on 020 7702 6531.

Neil Smith  
Secretary

## United States

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- We are starting to see wider usage of digital concealed damage indicators, such as Tilt Monitor Cards/ Tip 'n Tells. These are advantageous over traditional mechanical devices, which are one-time event indicators. The digital units have the capability of recording more than one event, and will also capture the date and time that the event occurred. This can be useful in determining where, in the logistics chain, incidents are occurring, and help identify who had possession of the cargo, at the time of the incident, which improves recovery.
- US Customs & Border Patrol is promising to start giving shippers the long awaited expedited process of customs clearances for shipments from carriers that have obtained supply chain certification under their voluntary Customs Trade Partnership Against Terrorism (CT-PAT) program. One of the first "Green Lanes," that is promised to be opened by year-end of 2005, is the US - Mexico border crossing, which is currently the source of much delay and cargo theft.
- The Technology Assets Protection Association (TAPA) is nearing completion of Freight Security Requirements (FSR) for motor freight carriers, which is where their studies indicate that most attacks occur, due to the tightened security standards of warehouses. Separate FSR's are being developed for full truck load (FTL) and less than full truck load (LTL) carriers. The new FSR's are expected to be approved in either Q4 of this year, or Q1 of 2006.
- Crew Endurance Management Systems (CEMS) has become a major safety initiative for our domestic tug and barge operators, on coastal waters and on the inland waterways. Transferred down from the blue water operators, CEMS is a system for managing risk factors in maritime work environments that can contribute to human error, as well as performance slumps. The four facets of CEMS training are:

**Environmental:** Effects of ambient temperature, noise and vibrations on the human body.

**Operational:** Effects of company and boat operating policies

**Physiological:** Effects of sleep, diet, exercise and shift work on the body and performance.

**Psychological:** Effects of stress and working conditions on performance

- As the result of a few high profile incidents of tows knocking out the supports of vehicular traffic bridges, with ensuing loss of life, the US Coast Guard now requires tow boat operators on the inland waterways to have a formal program for developing Bridge Transit Plans, which must be developed for each bridge transit of the tow. These plans must also include procedures for dealing with Operator Incapacitation, which is a result of a couple bridge-striking casualties that occurred due to the operator having suffered a sudden heart attack or stroke.

### "Heat & Cool" air cargo container

- A major international airline has introduced a new "heat & cool" container designed for temperature-sensitive goods being moved via air. The so-called "Unicooler" was developed in cooperation with the pharmaceutical industry and the most likely candidates for use are vaccines, plasmas, proteins and bio-tech material. The technology behind the container is based on the principle of heat exchange. As many as six (6) ventilators circulate air on a continuous basis. The container is filled with dry ice and uses an electrical heating system powered by large, rechargeable batteries. This air cargo container weighs 44 kilograms and has a maximum cargo payload of 1,144 kg and dry ice. The "Unicooler" appears to be the next generation of the traditional Envirotainer units that has been used for years in the air cargo industry.

### **FreightGlove-**

- This pallet, skid or airline pallet ("cookie sheet") cover constructed of double laminated polypropylene weave material that is both durable and moisture-resistant. It comes in either an one-piece or two-piece style. The one-piece FreightGlove is draped over the pallet load. Two straps fasten it to the bottom of the pallet with the straps fastened together with a tamper-evident lock. The two-piece model fully encapsulates the cargo. The bottom piece is placed on the pallet, skid or container and cargo is built up on it. The top piece is then draped over the cargo. The two pieces are zipped together and sealed with a tamper-evident lock. The real advantage of the FreightGlove is that it can provide protection against both pilferage and water damage. The polypropylene is opaque so no one will be able to discern the contents of the unit load device without cutting or removing it. The material is much more difficult to tear and the seal/locking device does provide some evidence of tampering. Many of the goods that are theft-attractive are also susceptible to damage from contact with moisture. Specifically, pharmaceuticals, consumer electronics and computers are included in this category.

### **Predictive Modelling-**

- For years we have struggled to obtain a statistically credible value of cargo lost due to theft, pilferage, shortage and hi-jack. Many organizations have estimated the extent of the problem within the United States alone to be anywhere between \$12 billion and \$45 billion per year with annual global experience to be much higher. However, not one of the groups can provide enough information to make a convincing case. Underwriters have been forced to use qualitative words (low, average, high, etc.) when trying to describe the cargo theft exposure within the supply chain. Now there is at least one company that is providing loss forecasts as well as cost-benefit analyses for introducing countermeasures (physical security and logistical solutions) to prevent or bolster in-transit security. They have amassed a tremendous amount of loss data from 157 countries and are able to quantify cargo exposure on a lane by lane or country by country basis.

**This question is the only one we are asking this year, although we would still appreciate your remarks on any issues which are related to loss prevention activities or concerns as they relate to your market.**

- An issue worth noting is the decision by the Port of Los Angeles to extend its hours to allow pick up of containers in the evening. Considering the high cargo theft exposure in the Los Angeles area having greater amounts of cargo moving at the night or being held for delivery in the morning may lead to an increase in theft and hi jack losses.