Loss Prevention through Risk Management

Tang Sau Weng
8 Sept 2011
Agenda

> Introductions
> Present market conditions
> Loss Prevention
> Damages survey
> Conclusions
CSL - Global Services

RISK CONTROL - Loss prevention
- Risk control reviews
- Location reviews
- Load, stow & securing surveys
- Vessel outturn inspection & control
- Supply chain - risk analysis, risk monitoring
- Port risk assessments
- Car accounts - transit & storage

PROJECTS
- Warranty surveys for the international insurance markets on large infrastructure development projects.
  - Power generation
  - Petrochemical
  - Oil & Gas
  - Heavy Industry
- Load, discharge & route / transportation consultancy
- Management of whole project on a global basis

TECHNICAL SERVICES
- Hull & Machinery + lay ups
- P&I surveys
- Shipyard risk assessment
- Marine casualty
- Vessel condition surveys
- Tug & tow
- Super yachts
- Marine risk consultancy
- Expert witness

MARINE CLAIMS
- Surveys & investigations
- Loss adjusting
- Claims management
- Third Party Administration (TPA)
- Recoveries
- Freight liability & general marine liability
- Specie, including Cash in Transit
- Theft & fraud investigations
CSL Global Ltd

cslasia@cslglobal.com

Leading Providers of Marine & Transportation Risk Services
Agenda

> Introductions
> Present market conditions
> Loss Prevention
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> Conclusions
Present market condition
(Newbuilding orderbook vs Existing Fleet)

Source: Clarksons

<table>
<thead>
<tr>
<th>Container (TEUs)</th>
<th>Existing</th>
<th>Orderbook</th>
<th>Charter Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>8000+</td>
<td>318</td>
<td>251</td>
<td>$18k++</td>
</tr>
<tr>
<td>3500-8000</td>
<td>500</td>
<td>145</td>
<td>$16k</td>
</tr>
<tr>
<td>1000-3000</td>
<td>2933</td>
<td>183</td>
<td>$8k</td>
</tr>
<tr>
<td>&lt;1000</td>
<td>1240</td>
<td>42</td>
<td>$6k</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bulk carrier (DWT)</th>
<th>Existing</th>
<th>Orderbook</th>
<th>Charter Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capesize</td>
<td>1188</td>
<td>630</td>
<td>$12k</td>
</tr>
<tr>
<td>Panamax</td>
<td>1833</td>
<td>944</td>
<td>$10k</td>
</tr>
<tr>
<td>Handymax</td>
<td>2200</td>
<td>800</td>
<td>$8k</td>
</tr>
<tr>
<td>Handysize</td>
<td>3000</td>
<td>800</td>
<td>$6k</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Crude Tanker (DWT)</th>
<th>Existing</th>
<th>Orderbook</th>
<th>Charter Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>VLCC</td>
<td>548</td>
<td>179</td>
<td>$25k</td>
</tr>
<tr>
<td>Suezmax</td>
<td>418</td>
<td>150</td>
<td>$20k</td>
</tr>
<tr>
<td>Aframax</td>
<td>880</td>
<td>135</td>
<td>$14k</td>
</tr>
<tr>
<td>Panamax</td>
<td>400</td>
<td>80</td>
<td>$12k</td>
</tr>
</tbody>
</table>
Present Market Conditions

• Orderbook Global (as of 30th June 2011)

  7,044 vessels / 450,000,000 dwt
  Total value: US$ 350,000,000,000

• Orderbook Asia (as of 30th June 2011)

  6,150 vessels / 420,000,000 dwt
  Total value: US$ 300,000,000,000

• Orderbook China (as of 30th June 2011)

  2,880 vessels / 205,000,000 dwt
  Total value: US$ 120,000,000,000

Source: Clarksons
Newbuilding Prices

Source: Tradewinds
Present Market Conditions
- Orderbook by country of build

Source: LR Fairplay
## Some top shipyards in the World

<table>
<thead>
<tr>
<th>Shipyard name</th>
<th>Ships delivered (no. /DWT)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Hyundai HI</strong></td>
<td>68 (8.6m)</td>
</tr>
<tr>
<td><strong>2. Daewoo</strong></td>
<td>67 (10m)</td>
</tr>
<tr>
<td><strong>3. Samsung HI</strong></td>
<td>52 (5.4m)</td>
</tr>
<tr>
<td><strong>4. Hyundai MIPO</strong></td>
<td>60 (2.3m)</td>
</tr>
<tr>
<td><strong>5. STX</strong></td>
<td>48 (3.6m)</td>
</tr>
<tr>
<td><strong>6. Dalian</strong></td>
<td>38 (5.8m)</td>
</tr>
<tr>
<td><strong>7. Jiangsu Rongsheng</strong></td>
<td>19 (2.8m)</td>
</tr>
<tr>
<td><strong>30. Tsuneishi</strong></td>
<td>22 (2.0m)</td>
</tr>
<tr>
<td><strong>100. Imabari</strong></td>
<td>20 (1.0m)</td>
</tr>
<tr>
<td><strong>130. Mitsubishi</strong></td>
<td>14 (0.6m)</td>
</tr>
<tr>
<td><strong>140. Hyundai Vinashin</strong></td>
<td>7 (0.3m)</td>
</tr>
<tr>
<td><strong>150. Bulyard Bulgaria</strong></td>
<td>3 (55k)</td>
</tr>
</tbody>
</table>
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Is Risk Management = Surveys?

- Classification Surveys
- P&I Clubs surveys
- Charterers surveys / Oil Major surveys
- Flag State Surveys, Port State Surveys
- Pre Purchase Surveys
- Valuation Surveys
- Towage/Voyage approval
- JH143
- JH 2006 (10A/B/C/D)
- JH 2009
- JH 722 / 112
- Ports & Terminal
What is actually Risk Management - Cargo
What is actually
Risk Management
- Large Cargo
Large Cargo for Complex Projects

- Identification of Critical items
- Method statements
- Stowage & Lashing plans
- Communications & Coordination
- Accumulation of Risks
Risk Management - Towage
Risk Management - Towage
Risk Management - Towage
Towage

- Towage Plan
- What is involved – Cargo ($$$) or ballast
- Equipment & Gears used
- Crew competency
Typical Risk – some examples
Typical Risk – some examples
Risk management of Shipbuilding Yards (JH 143)

✓ Geographical and environmental risks
✓ General housekeeping
✓ Management of sub contractors
✓ Fire prevention
✓ Commitment to security
✓ Commitment to safety
✓ Quality assurance
✓ Top management involvement
✓ Accumulation of Risks
What is JH 143 Risk Assessment?

- Introduced in 2003 by the Joint Hull Committee at Lloyd’s London
- A survey of the shipyard before construction
  - to evaluate the shipyard
- Surveys to be carried out by independent parties
- All the surveyors recommendations to be implemented by shipyards before insurance coverage
- Shipyards are graded according to the findings
Benefits of Risk Management

• Management of the processes and its associated hazard

• Specific risk factors identified, understood and controlled

• Central coordination point for risk analysis

• Improve communications

• Job gets done effectively
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What if things really go wrong - Emergency response scenarios

*If there is a lost or damaged ......*

First priority is to ascertain if equipment can be repaired (and if so, where, by who and how long) and/or replaced or if the project can be re-engineered.

Availability of replacement equipment depends on multiple engineering and commercial considerations.
Suggestions for handling future claims

- Where the damaged has occurred, a suitably qualified surveyor to be engaged and preferably before any repairs
- Surveyors to have full access of the records onboard including log books, maintenance records, damage report, etc
- Underwriters should instruct and pay the surveyors directly to avoid any conflict of interest
- Surveyors should be given the autonomy to attend invoice negotiations at the end of the repairs
- Where possible, an alternative quotations to be sought by the assured prior to repairs
- Constant communication between underwriters or brokers with the surveyor
Technical know-how

Master Mariners, naval architects, engineers, road transport consultants .... or a “professional” photographer?

Preparation is everything. Knowledge of equipment capabilities, certification and attention to details.

The sharing of knowledge and experience is crucial to doing a good job today and a good job tomorrow.
Quiz time:

> Why is Loss Prevention SO important?
  Protects insurers, assured and assets

> What is a Critical Items in Project Cargo
  Expensive to replace, big, heavy, out of shape, etc

> What is the acceptable grading in JH 143?
  C
Quiz time:

> What is the no. 1 RISK in all shipbuilding yards?
   FIRE

> When you think about loss prevention, what is the first thing you should be thinking about?
   or CSL Global
Conclusions

✓ Loss Prevention = Risk Management
   => More than just surveys

✓ Communication is the key

✓ Selection of right professionals will help you

✓ It is a TEAM effort
Thank you for your attention … 谢谢您 ！

If you take too much risk, make sure you do it on a grand scale to ensure a government bailout.

Tang Sau Weng
MD – CSL Marine Asia
MARITIME RISKS & CLAIMS

PRESENTERS:
- MR. TANG SAU WENG
  - MANAGING DIRECTOR
  - CSL MARINE ASIA PTE LTD
- MS. TAN HUI TSING
  - PARTNER
  - GURBANI & CO

DATE & TIME:
- 8 SEPTEMBER 2011, THURSDAY, 2PM - 6PM

VENUE:
- STI AUDITORIUM,
  - 9TH FLOOR,
  - CAPITAL TOWER,
  - 168 ROBINSON ROAD,
  - SINGAPORE 068812

PRESENTED BY:
- SMF
- GENERAL INSURANCE

SPONSORED BY:
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