
Maritime Kidnap & Ransom:
Preventative Action
Emergency Response &
Insurance



THE INSTITUTE OF CHARTERED SHIPBROKERS
CYPRUS BRANCH



Members' Meeting, Tuesday 16th September 2008

Small but pernicious threat to merchant shipping

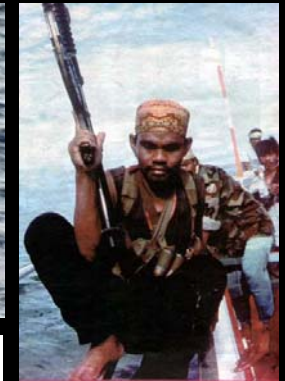
>3 million ship movements per year

Approximately 300 incidents per year

0.0001% incident rate

Global phenomena with noted 'hotspots'

**SOMALI PIRATES
GULF OF ADEN**



Gulf of Aden – Somali Pirates



New paradigm

Last 12 months – 76 validated attacks

14 ships hijacked

9 in the last eight weeks

3 ships taken in one day



THE RISK PROBABILITY

55 ships per day transiting

9 ships hijacked in last 8 weeks

1 ship every 6 days

1 in 330 transits subject hijacking

17 times more likely than a US soldier being killed on combat operations in Iraq*

* Equivalent time period

THE THREAT

Committed, hardened and proficient

Armed and willing to use arms

Dangerous and lives are at risk during an attack

Hunting the length and breadth of the Gulf of Aden

Small, fast skiffs (15-20 knots)

Constant and high tempo

Daylight hours

10 vessels transiting west

4 vessels transiting east

THE VULNERABILITY

55 ships per day transiting along 500 nautical miles of water

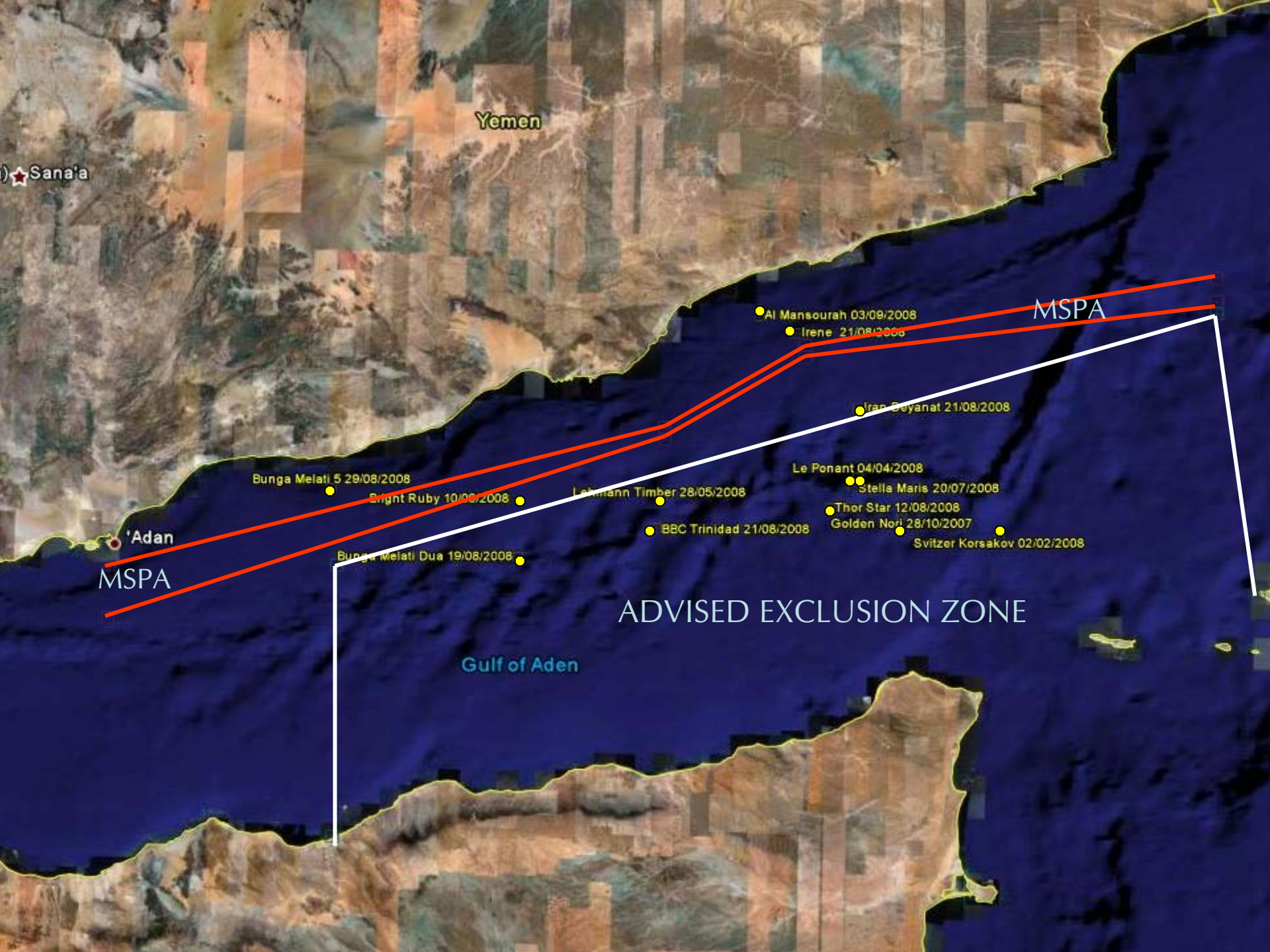
'Target rich' environment with limited protection

Vessel size is not a deterrent

Slower service speed <12 knots

Vessels with low free boards <4 metres

The "human element"



Yemen

★ Sana'a

MSPA

MSPA

ADVISED EXCLUSION ZONE

Gulf of Aden

Al Mansourah 03/09/2008

Irene 21/08/2008

Iran Beyanat 21/08/2008

Bunga Melati 5 29/08/2008

Bngnt Ruby 10/08/2008

Lehmann Timber 28/05/2008

Le Ponant 04/04/2008

Stella Maris 20/07/2008

Thor Star 12/08/2008

Golden Nori 28/10/2007

Svitzer Korsakov 02/02/2008

BBC Trinidad 21/08/2008

Bunga Melati Dua 19/08/2008

Adan

Preventative Action - Combined Task Force 150



Task Force 150

CTF 150, established near the beginning of Operation Enduring Freedom, is comprised of warships from numerous Coalition nations, including the UK, France, Canada, Germany, Pakistan and the United States.

Area of Responsibility

CTF 150, established near the beginning of Operation Enduring Freedom, conducts Maritime Security Operations (MSO) in the Gulf of Aden, Gulf of Oman, the Arabian Sea, Red Sea, and the Indian Ocean. This area is a vital artery of world trade that includes the main shipping routes from the Far East to Europe and the US.

Regional Maritime Security Operations (MSO)

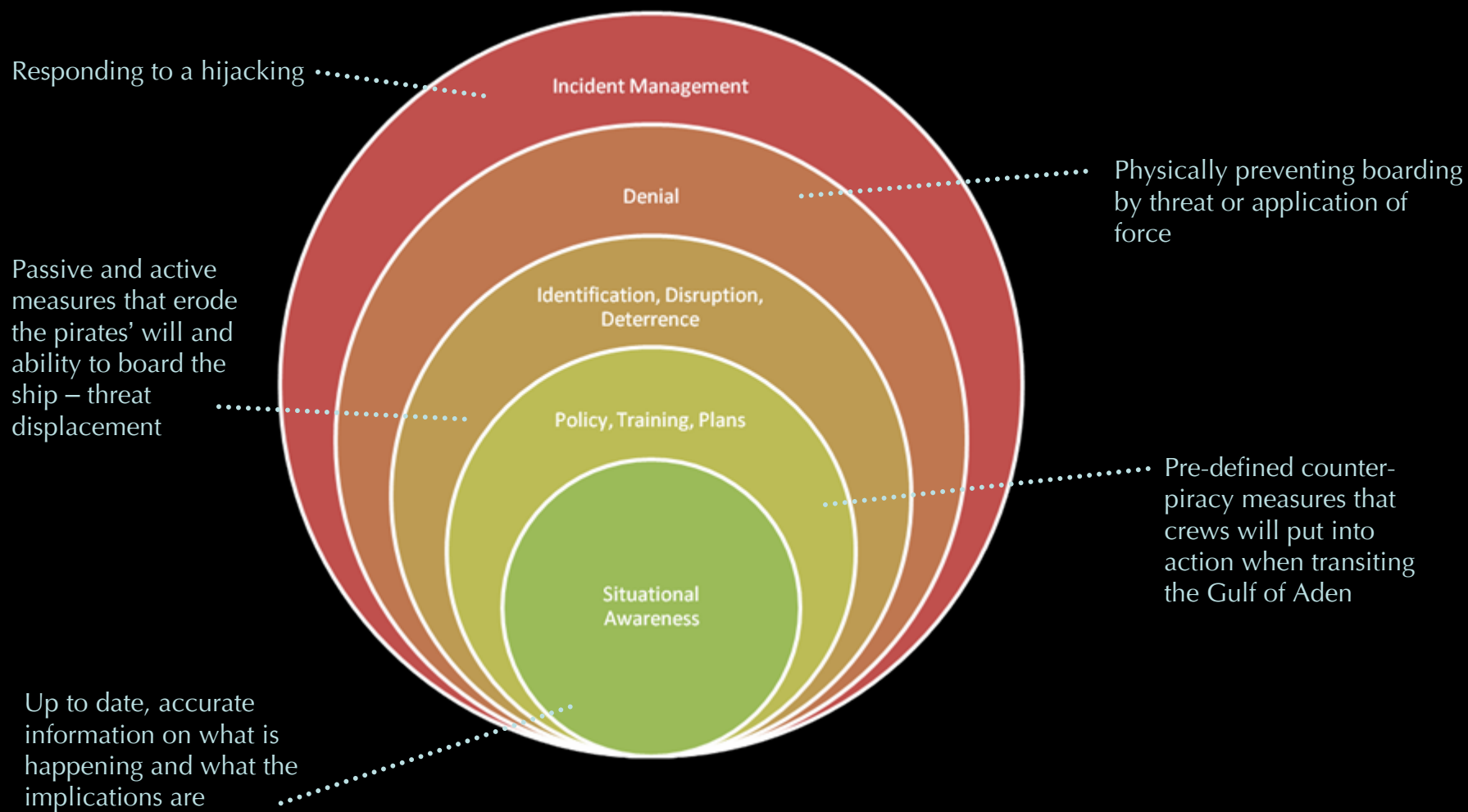
Maritime Security Operations sets the conditions for security and stability in the maritime environment as well as complement the counter-terrorism and security efforts of Regional Nations. These operations deny international terrorists use of the maritime environment as a venue for attack or to transport personnel, weapons, or other material.

Source: www.royalnavy.mod.uk



Source: www.cusnc.navy.mil/mission/aor.html

Preventative Action – Risk Mitigation Layers



Emergency Response – effective incident management



Primary objective: **SAFE AND TIMELY RELEASE OF THE CREW**

Contingency plan

Incident Management Team

- Strategy to achieve primary objective - adaptable as the incident develops

- Situational intelligence - macro and micro

- Negotiations and communications with ship's captors

- Families or next of kin - support and information

- Media interest / intrusion

- Government agencies

- Operational planning and access to effective 'enablers'

- Post-release: appropriate port of refuge

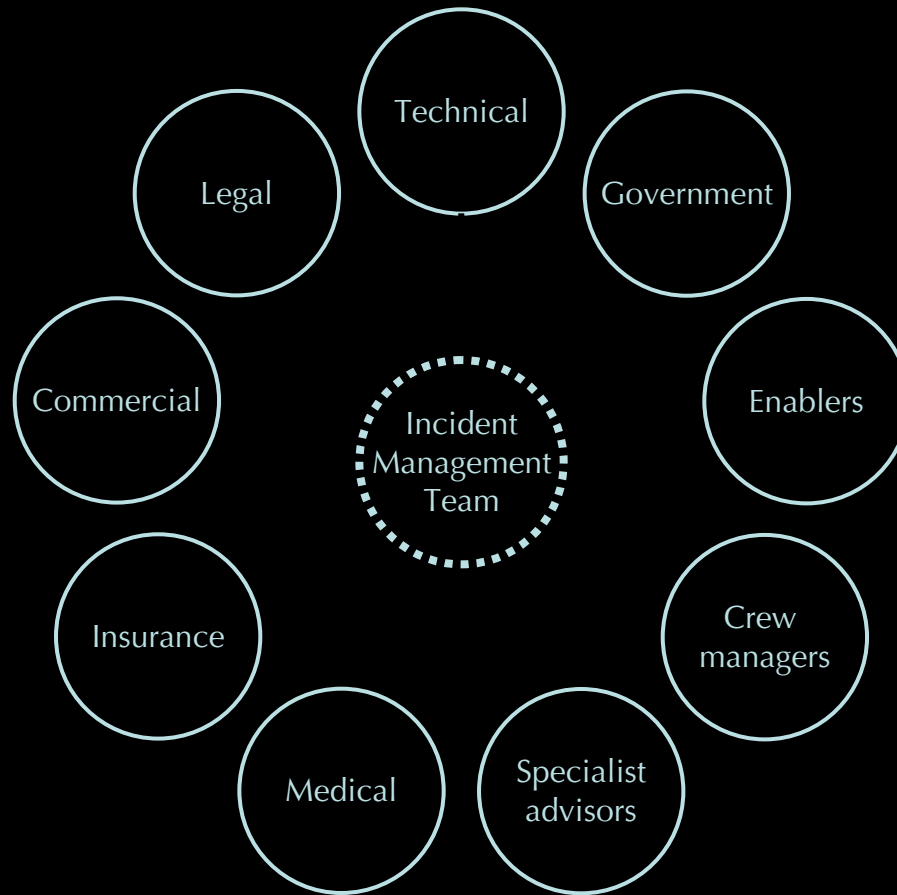
 - : safe passage to port of refuge

 - : crew welfare and repatriation

 - : ship repairs / cargo survey

 - : relief crew

Emergency Response – effective incident management



The overall costs are significant and on an upward trend

Human cost: trauma, physical injury, loss of life

Financial cost: incident management

ransom, advisors and 'enablers', safe port, crew medical and repatriation

Financial costs: commercial

loss of hire, contractual penalties and claims, business interruption

Reputation

Cost mitigation:

effective incident management

insurance

Traditional lines of maritime insurance

Marine hull

Marine Cargo

Protection & Indemnity (P&I)

Loss of Hire

Commonly not an 'insured peril'

Majority of hijackings in the Gulf of Aden have been 'uninsured events'

'Quasi' general average adjustment

Maritime Kidnap & Ransom insurance

Maritime Kidnap & Ransom insurance*

Reimbursement of ransom, plus accrued interest

Indemnification of unlimited expenses of experienced 'response team'

Cost of reinstatement of replacement crew without delay

Informant money

Legal fees

Rehabilitation

Loss of ransom in transit

Medical services and emergency evacuation

Linguistic and forensic services

Employee's salary continuation

* Subject to policy limits

Significant threat to shipping transiting the Gulf of Aden from Somali pirate gangs

Shipping industry has to look to its own resources to address security vulnerabilities

100% security unrealistic – plan, train and implement effective incident management

Costs of an incident can be mitigated by maritime K&R insurance cover

Insurance does not prevent an incident occurring

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