

ANNUAL REPORT CESAM

CESAM, an Economic Interest Grouping whose aim is to facilitate and mutualise the activities of its member insurers who practice the "Maritime Risks and Transport" branch in France.

2019



CESAM

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1. 2019 COMMITTEE MEETINGS

Damage Commissioner Committee (CTC-R)	JANUARY	JUNE	NOVEMBER
Land Committee	JANUARY	JUNE	NOVEMBER
Fishery Committee	JANUARY	OCTOBER	x
Inland Waterways Committee	MARCH	NOVEMBER	x
Yachting Committee	MARCH	JUNE	OCTOBER

This report summarises the work carried out by these various committees throughout the year. Detailed reports are sent to the representatives of the member companies of each of these committees. These committees are announced by our Communication Department via CESAM's Twitter account.

2. SPECIFIC WORK RELATED TO THE NETWORKS

2.1 Network of yachting experts

For information, the directory of the "Yachting" network accessible on the CESAM website was consulted more than 7,600 times in 2019^[1].

2.1.1 EEA yachting certification

It should be noted that for the 2019 session of the EEA Yachting certification - 11th year of certification - 5 candidates have been admitted, named below:

- **Mr. Alain BAINÉE (in Granville)**
- **Mr. Arnaud DE BOULOIS (in Dunkirk)**
- **Mr. Eric FOURNIS (in Perros-Guirec)**
- **Mr. Jean-François DANION (in Vannes)**
- **Mr. Laurent TARDIF (in Rouen)**

All of the experts have requested to be included on the lists of experts recommended by CESAM. [www.cesam.org - Find an Expert, [here](#)].

The involvement of insurance companies in the entire certification process, both for the groups validating the examination subjects and for the oral examination sessions and corrections, gives the certification process greater legitimacy in the eyes of the entire professional community, in which the associations of experts and risk managers participate.

The official presentation of the certificates took place on **Tuesday 3 December 2019** on the occasion of the **EEA Yachting training day** ([See the retrospective of our 2019 events](#)) that CESAM organised for the first time this year at the Jouffroy Centre in Paris and outside the usual Paris Boat Show period; due to the strikes announced in December. This organisational work is one of the projects of CESAM's communication department, which is responsible for event logistics.

[1] These figures are obtained thanks to the Google traceability tool set up by the IT Department since 2013 (see point 8.1 of the report).

In particular, this training day enables certified experts to meet the continuous training requirement set by the CNPP ((Centre National de Prévention et de Protection / National Prevention and Protection Centre) as part of their certification^[2] (10 training days every 6 years)). The topic for the event on 03/12/2019 was "The mast"^[3]. This day was also open to representatives from insurance companies and, for the first time this year, to specialised brokers, bringing the number of participants to more than 80. This day is therefore widely acclaimed despite the particular conditions in which it took place this year.

2.1.2 Supervision of yachting experts

Since June 2018, the CESAM Networks Department has been supervising, on behalf of GENERALI, certain yachting expert assessments required in small and medium-sized “mass” claims cases for which the appointment of an expert is nevertheless necessary. This supervision continued in 2019. As a reminder, this is mainly:

- To assess the technical skills of EEA certified yachting experts recommended by CESAM
- To carry out a qualitative analysis of the services provided by the experts recommended by CESAM through studying the reports submitted in these cases
- To identify expert training needs
- To identify areas where the CESAM network should seek to expand

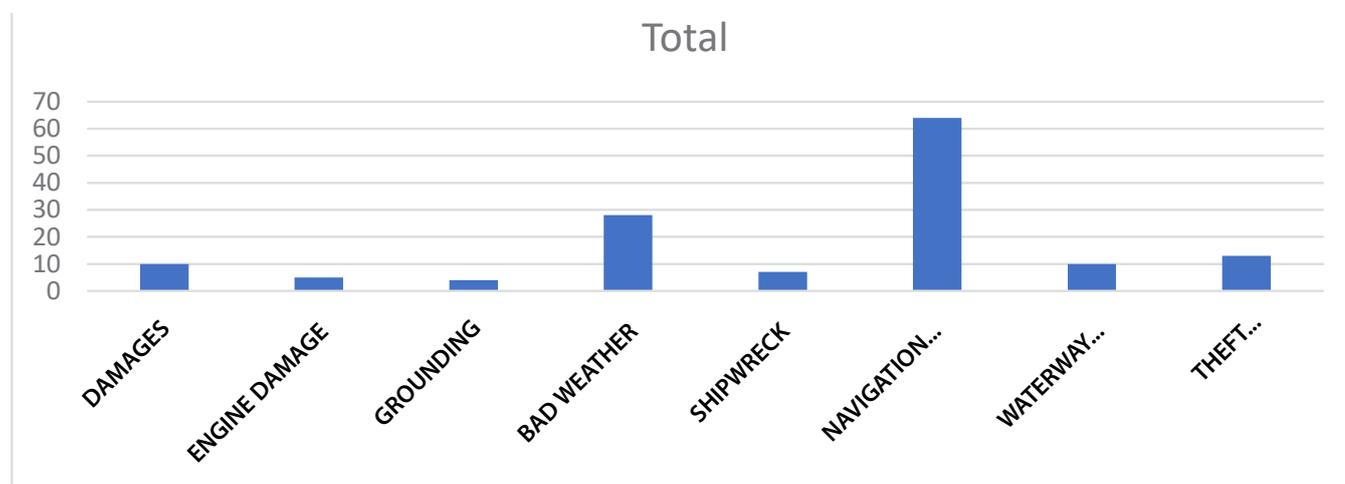
Out of the 141 claims entrusted by GENERALI to CESAM in 2019, **139 expert assessments have been launched involving 44 EEA yachting experts^[4] and 8 Damage Commissioners^[5].**

The average fee for experts is €910 per case.

Out of 124 expert reports received in 2019, there is an average delay of 11 DAYS between the date of appointment of the expert and the date of the expert assessment and an average delay of 58 DAYS between the date of appointment of the expert and the delivery of the final report.

124 Claims	General Averages
Time period between the date of appointment of the expert and the date of expert assessment	11 DAYS
Delay between the date of appointment of the expert and the date of delivery of the final report	58 DAYS

With regard to **the typology of claims handled by CESAM in 2019**, as illustrated below, there is a high rate of claims linked to errors during navigation (bottom contact/ grounding, collisions, etc.).



Key: In navigation (collision - grounding- striking) / Waterway (immersion - flooding) / Theft (total - partial - attempt).

Moreover, this supervisory work has enabled CESAM to make several observations on both the style and substance of the expert reports submitted:

- Few experts carry out oil or coolant analysis on engine damage and few, if any, checks on engine operating hours.
- Insufficient justifications of the applied obsolescence rates and market values
- No precise follow-up of the companies' instructions: Experts work according to their project model and instructions are not recalled
- Photos without captions

As in the previous year, the lessons of this supervision as well as these various findings were presented during the training day of 03/12/2019 mentioned above in order to raise the awareness of the experts. In addition, CESAM offered individual feedback to each expert who so wished, with a view to specifying points for improvement to each expert involved.

This task has been renewed for the year 2020.

In the future, it would be interesting to extend this possibility of expert assessment supervision to the 5 CESAM networks.

Member companies interested in this type of intervention should contact the Networks Department.

2.2 Network of Goods Transport Experts

For information, the directory of the "Goods Transport" network accessible on the CESAM website was consulted more than 5,100 times in 2019^[6].

2.2.1 EEA Goods Transport Certification

For the third year, at the EEA Freight Transport 2019 certification examination session, 3 candidates took the written examination (on 15/10/2019). At the end of this correction, 2 candidates were eligible to sit the oral examination which took place on 21/11/2019 (+ 2 candidates in the oral resit).

After the oral examination, 1 expert was finally certified EEA Goods Transport:

- **Mr. Sébastien LACROIX (in Vésinet)**

Mr. LACROIX expressed his willingness to be recommended by CESAM but has yet to send us a complete file. Moreover, Mr. POSTEC (certified in 2018) who had not requested the CESAM recommendation the previous year, finally requested this recommendation.

In order to meet the continuous training requirements imposed by the CNPP (National Prevention and Protection Centre) as part of maintenance certification^[7], the Networks Department, with the help of the Communications Department, offered 2 training sessions in 2019 (**See the retrospective of our 2019 events**):

- 1 training day organised by CESAM on 28/06/2019 on the topic "Temperature-controlled transport"^[8]: 20 participants (experts et représentants de compagnies d'assurance). 20 participants (experts and insurance company representatives). This day is completely free of charge.
- Two training days provided by the BVT^[9] on 18/03/2019 and 19/03/2019 on the topic of the "The transport of dangerous goods": 7 participants including 5 experts (and 2 company representatives). For these two days, € 420, (incl. tax), was charged in order to cover the intervention invoiced by the BVT.

[2] 10 days of continuous training to be carried out over a period of 6 years.

[3] Link to the training day programme: https://www.cesam.org/fr/conference/20191203/PROGRAMME_FORMATION_PLAISANCE.pdf

[4] That is 59% of CESAM's EEA yachting network, which includes 74 experts.

[5] For "super yachting" files in the following countries: Egypt - Dubai - Greece - Spain - Malaysia - Cape Verde - Italy.

[6] These figures are obtained thanks to the Google traceability tool set up by the IT Department in 2013 (see point 8.1 of the report)

[7] 10 days of continuous training to be carried out over a period of 6 years.

[8] <https://www.cesam.org/fr/reseau/formation/T20190628/index.html>

[9] Technical Verification Office - www.bvt.eu

2.3 Network of Fisheries Experts

For information, the directory of the "Fisheries" network accessible on the CESAM website was consulted more than 690 times in 2019^[10].

2.3.1 Future of the Fisheries Network

Following the questions raised in 2018 by the members of the Fisheries Committee on the future of this network (see previous annual report) in view of the reduction in projects and recommended experts, the CESAM Board of Directors asked the members of the committee to list all the experts not recommended by CESAM that members of the committee involve in fishing cases in order to propose to the latter to extend or obtain the CESAM recommendation. Overall, it would seem that the vast majority of member insurers only use experts recommended by CESAM. However, this census made it possible, in particular, to grant the recommendation to two new experts in Marseille: Mr. PIERI and Mr. BONZOM.

Several experts recommended by Fisheries have also ceased their activities in 2019: Mr. GARCON (in Le Havre), and Mr. de ROQUEFEUIL (in La Rochelle), but applications have been submitted, at least partially, to the committee to take over these posts.

The status quo of the fisheries network has therefore been requested for 2019. CESAM will continue to promote this network and to propose new applications to the members of the Commission in order to maintain this network in strategic cities needed by insurers.

2.4 Network of Inland Waterway Experts

For information, the directory of the "Inland waterway" network accessible on the CESAM website was consulted more than 1,000 times in 2019^[11].

As indicated to the Fisheries Committee, CESAM was approached by CEREMA - Centre d'Etudes et d'Expertises sur les Risques, l'Environnement, la Mobilité et l'Aménagement (Centre for Studies and Expertise on Risks, the Environment, Mobility and Development) - to set up a national monitoring tool for river accidentology. The idea is to involve the experts recommended to CESAM in this monitoring tool. However, CESAM was cautious about this initiative, recalling that experts are subject to a duty of confidentiality with regard to their insurance clients. This tool was presented to the representatives of the insurers who are members of the committee of experts of the Inland Waterway Network.

2.4.1 Future of the Inland Waterway Network

Following the question over the future of the Fisheries Network, the same question was asked for the Inland Waterway Network. Work to extend this network therefore began in 2019 before considering a possible reconciliation with the Yachting network under certain conditions. The possibility of setting up an "ad hoc" module on the model of EEA certification but without going through the CNPP (National Prevention and Protection Centre) and less restrictive in terms of organisation. This would enable yachting experts who so wish to obtain an additional speciality in inland waterways. CESAM pointed out that the implementation of such a module is a relatively cumbersome process for which the companies will need to be involved.

In addition, some members of the Fisheries Committee have proposed, in order to make up for the lack of applications on this network, to derogate from the principle of refusing any application from a professional in the inland waterway sector (risk of conflict of interest) in order to make up for this lack of experts.

The members of the Committee will have to indicate to CESAM whether they consider this repeal to be judicious. If the feedback is generally positive, CESAM will question the various professional associations, teaching staff and work sites to find out whether they might be interested (subject to the signing of a code of ethics).

[10] For the record, these figures are obtained using the Google traceability tool set up by the IT Department in 2013 (see point 8.1 of the report).

[11] For the record, these figures are obtained using the Google traceability tool set up by the IT Department in 2013 (see point 8.1 of the report).

2.5 Network of Damage Commissioners

For information, the directory of the "Damage Commissioners" network is available on CESAM's website and was consulted more than 20,000 times in 2019^[12].

Below are the appointments of Damage Commissioners that have been made in 2019:

- **MR. PASQUALICCHIO (ITALY)** appointed in February 2019
- **MR. RICHARD (CORSICA)** appointed in March 2019
- **MR. PRESLE (TAHITI)** appointed in March 2019
- **MR. ASCOT - SABBY MARINE (DJIBOUTI)** appointed in July 2019
- **MR. QUEDRUE (UGANDA)**
- **MR. EBOKO (CAMEROON)**

Their full contact details are available on the CESAM website - www.cesam.org - and are regularly updated.

2.5.1 Public calls for applications

SINCE 2018, a **systematic public call for applications** has been put in place **for the opening or renewal of all relevant Damage Commissioner posts in France**, in order to meet a requirement for transparency and publicity.

1 public call for proposals was finalised in 2019 for a Damage Commissioner post in Corsica. 3 applications were received for this public call for proposals, and they were finalised in March 2019 with the **appointment of Mr. RICHARD.**

Upon receipt of each application, CESAM issued an invoice corresponding to the management fees of this application amounting to €50.00 (incl. tax). If this invoice was not paid within 5 days of receipt, the application form was rejected and not presented to the committee responsible for filling the position. Applications were reviewed against a pre-established scoring criteria grid agreed with CTC-R members within one month of the end of the call for applications. The deliberations of this committee are confidential.

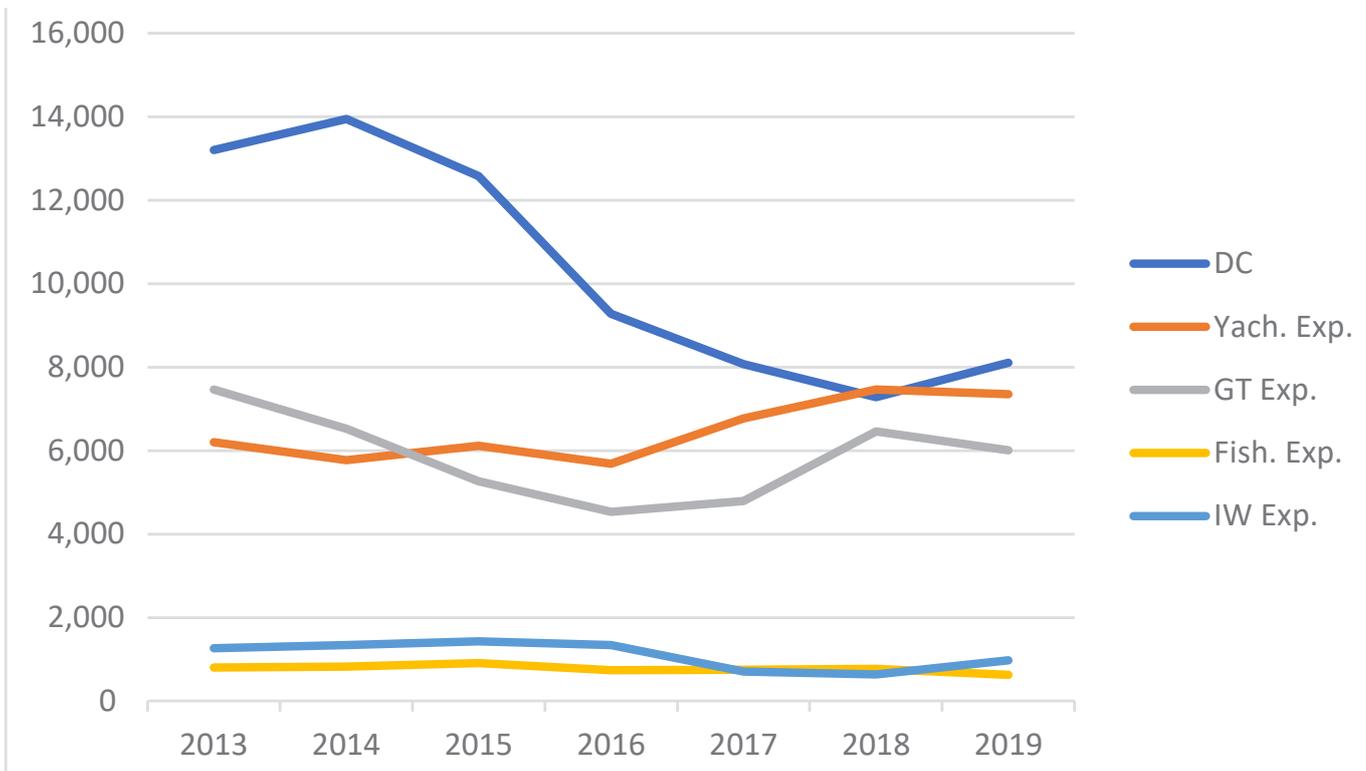
For information, each notice of call for applications is published in the specialised press. This project is carried out by CESAM's Communication Department, which also relays each notice on our social networks, Twitter and LinkedIn. In 2019, the notices were published in the weekly magazine, l'Argus de l'Assurance, the leading source of information for professionals in the sector.

3. FOLLOW-UP OF NETWORK ACTIVITIES

ATTENTION: The figures produced for the year 2019 are likely to be modified since CESAM is still waiting for the annual reports of several Damage Commissioners. Some irregularities are also being analysed.

Number of projects handled between 2013 and 2018 from the French market							
YEAR	2013	2014	2015	2016	2017	2018	2019
DC	13,200	13,945	12,577	9,280	8,069	7,279	8,108
Yach. Exp.	6,195	5,774	6,118	5,684	6,765	7,463	7,347
GT Exp.	7,461	6,522	5,264	4,531	4,790	6,454	6,002
Fish. Exp.	801	825	907	735	744	766	625
IW Exp.	1,264	1,340	1,428	1,336	701	635	975
TOTAL	28,921	28,406	26,294	21,566	21,069	22,597	23,057

[12] For the record, these figures are obtained using the Google traceability tool set up by the IT Department in 2013 (see point 8.1 of the report).



– UPDATE ON THE RECEIPT OF ANNUAL ACTIVITY REPORTS –

On 11/05/2020, for the following positions CESAM received:

- **Damage commissioners** >> 126 out of 236 positions
- **Yachting Experts** >> 65 out of 74 positions
- **Goods Transport Experts** >> 44 out of 56 positions
- **Fisheries Experts** >> 14 out of 21 positions
- **Inland Waterway Experts** >> 19 out of 22 positions

Interventions by the Damage Commissioners on behalf of the French Market with damage estimates				
		Number of projects	Total estimate of damage	Average per case
BODY	2015	2,511	€19,754,000	€7,867
	2016	2,156	€20,135,880	€9,339
	2017	2,050	€21,574,401	€10,524
	2018	1,617	€26,985,357	€16,689
	2019	1,294	€21,290,613	€16,453
ABILITIES	2015	9,521	€40,162,907	€4,218
	2016	7,098	€22,775,636	€3,209
	2017	6,019	€49,613,706	€8,243
	2018	5,662	€25,481,340	€4,500
	2019	6,384	€25,726,339	€4,030

Experts' interventions recommended in 2019 on behalf of the French Market on claims files with damage estimates			
	Number of projects	Estimate of total damage	Average per case
Yach. Exp.	6,091	€60,050,559	€9,858
Transport of Goods Experts	6,002	€101,006,876	€16,828
Fish. Exp.	516	€6,707,054	€12,998
IW Exp.	838	€7,605,271	€9,075

4. COLLECTION OF NETWORK CONTRIBUTIONS

Year	Amounts invoiced	Amounts received	% of receipt
2013	€ 217,947	€ 203,778	93.50 %
2014	€ 220,311	€ 217,575	98.76 %
2015	€ 217,523	€ 213,713	98.25 %
2016	€ 211,564	€ 208,419	98.51 %
2017	€ 215,172	€ 208,872	97.07 %
2018	€ 208,206	€ 197,836	95.02 %
2019	€ 219,403.15	€ 204,470.15	93.20%

5. VISITS TO DAMAGE COMMISSIONERS AND RECOMMENDED EXPERTS IN 2019

5.1 VISITS FROM F. DENËFLE

- **Visit to Mr. ALBERTS (DAMAGE COMMISSIONER Hamburg - GERMANY) on 09/04/2019**
- **Visit to Mr. LI HAI MING (DAMAGE COMMISSIONER Shanghai - CHINA) on**

5.2 VISITS FROM M. DOCQUIERT

- **Visits to Bordeaux on 07.06.2019 from the following gentlemen:
BATSELÉ (Yachting and Inland Waterway Expert)
GOUTEL (Yachting Expert)
GRATADOUR (Yachting Expert)
HARNIST (DAMAGE COMMISSIONER)
SALZES (Yachting Expert)**
- **Visits from DAMAGE COMMISSIONER posts in the West Indies from 25/11/2019 to 29/11/2019 :**
**M. SCHARWATT (in Martinique)
M. MARSOLLE (in Guadeloupe)
M. TALBOT (in French Guiana)**

6. PARTICULAR DIFFICULTIES ENCOUNTERED

With the experts and damage commissioners

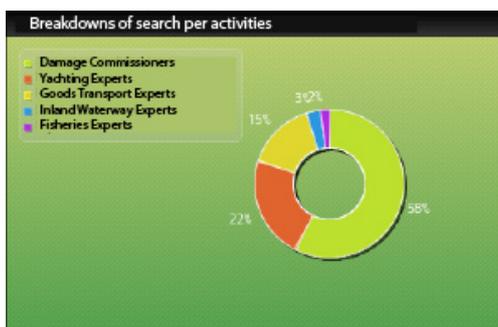
No particular difficulties encountered in 2019 with Damage Commissioners or experts recommended by CESAM. The usual difficulties (delays on projects, lack of response, unavailability, lack of invoice payments, etc.) were dealt with by the Networks Department and discussed where necessary in the Networks Committees, but no particular difficulties were encountered.

7. MISCELLANEOUS

7.1 The Google traceability tool

This tool, implemented by the CESAM IT Department since the end of 2013, makes it possible to analyse the number of requests and consultations of positions on the CESAM website concerning experts and damage

	Number of visits	Individual visitors	Application
From 1/01 to 31/12/2014	23,804	17,719	45,719
From 1/01 to 31/12/2015	25,529	17,579	53,676
From 1/01 to 31/12/2016	23,316	15,790	52,076
From 1/01 to 31/12/2017	24,176	15,682	51,547
From 1/01 to 31/12/2018	19,648	13,723	42,037
From 1/01 to 31/12/2019	16,062	12,400	34,583



Furthermore, this traceability tool allows us to note that the most consulted network is undoubtedly that of the **Damage Commissioners (58%)**, followed by our network of **EEA Recommended Yachting Experts (22%)**.

However, this predominance of the Network of Damage Commissioners has been diminishing year by year, since in 2018 they represented 67% of the consultations and 63% in 2017.

The introduction of certification for the Yachting and Land-based networks is undoubtedly a vector of identification and recognition for our national networks. CESAM's Communication Department takes part in the animation of our Networks by offering them new visibility through our social networks but also through the use of various communication tools, which also contributes to the promotion of all our networks, including at a national level.

7.2 Publication of news and other information

In 2019, the "Networks" Department issued **30 NEWS items and information notices**.

These NEWS items are only intended for Market professionals: insurers, agents, brokers, experts, lawyers and other companies providing services to transport insurers.

This information is also relayed by the Communication Department on LinkedIn and Twitter. As a reminder, the NEWS file contained approximately 450 recipients in 2018. In 2019, this file exceeded 500 recipients. This file is updated by the Communication Department, which receives requests for additions by email or via our website "Subscribe to our mailing list and receive the latest news from CESAM" (Home/Bottom of page).

NEWS items issued by the Networks Department- 2019		
Broadcasting	Subject	Recipients
07/01/2019	Fire at the Port of Goudes - Marseille	NEWS file
10/01/2010	Greetings from the Department	NEWS file
20/02/2019	Situation in Haiti	NEWS file
18/03.2019	"NATANTE" theft notification	List of theft broadcasting + yachting experts
16/04/2019	Situation in Libya	NEWS file
23/05/2019	New Damage Commissioner in Corsica	NEWS file
03/06/2019	Jet ski flight notification - VAR	Yachting experts + Damage Commissioners zone + Yachting Committee
03/06/2019	Initiation of BEA Mer investigation between "MINX" and "VISION" yachts	Yachting experts + Yachting Committee
04/06/2019	Explosion - SONARA [National Refinery Company] - CAMEROON	NEWS file
24/06/2019	New regulations on financial transactions	NEWS file
03/07/2019	Fire at the St-Jacut Marine shipyard	NEWS file
25/07.2019	"BLACK STAR" flight notification	Mailing list for flights + yachting experts and Mediterranean damage commissioners
26/07/2019	Creation of the Persian Gulf and Gulf of Oman area Risk of war	NEWS file
01/08/2019	FFA document "Compliance with the 2020 low sulphur regulation"	NEWS file
02/08/2019	New Damage Commissioner CAMEROON, DJIBOUTI and UGANDA	NEWS file
10/09/2019	GOLDEN RAY	NEWS file
13/09/2019	FROC marine fire shipyard	NEWS file
02/10/2019	"HAWAI" theft notification	Theft notification broadcasting list
22/10/2019	Situation in Chile	NEWS file
23/10/2019	Situation in Guinea	NEWS file
23/10/2019	Situation in Hong Kong	NEWS file
23/10/2019	Situation in Japan after the passage of Typhoon Hagibis	NEWS file

(Continued) NEWS issued by the Network Department- 2019

Broadcasting	Subject	Recipients
25/10/2019	Situation in Lebanon	NEWS file
30/10/2019	Networks Unit's and Major Casualties Department's Annual Reports 2018	NEWS file
08/11/2019	EEA Yachting experts training day	NEWS file
13/11/2019	Situation in Bolivia	NEWS file
15/11/2019	Situation in Venice	NEWS file
22/11/2019	War Risk Country Rating - Bolivia	NEWS file
16/12/2019	Situation in French Guiana	NEWS file
17/12/2019	Fire WEST PORT - Marseille	NEWS file

2019 - THE OPTIFLUX® COMMISSION

CESAM | IT department

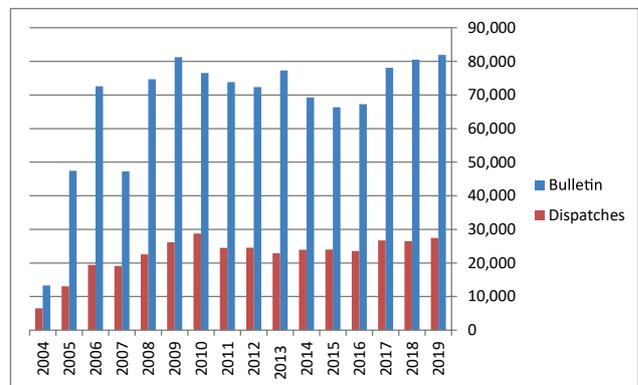
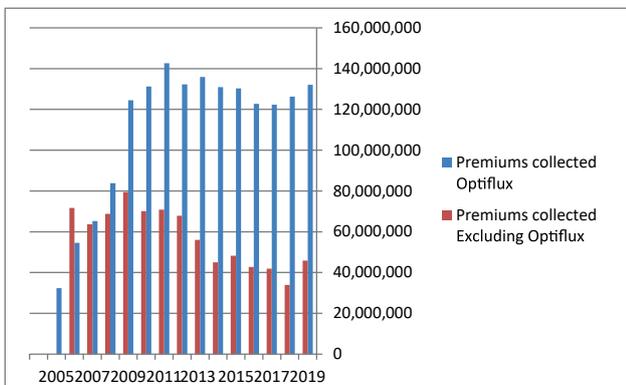
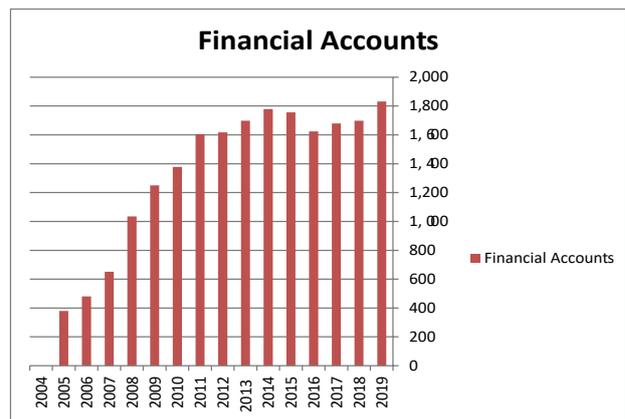
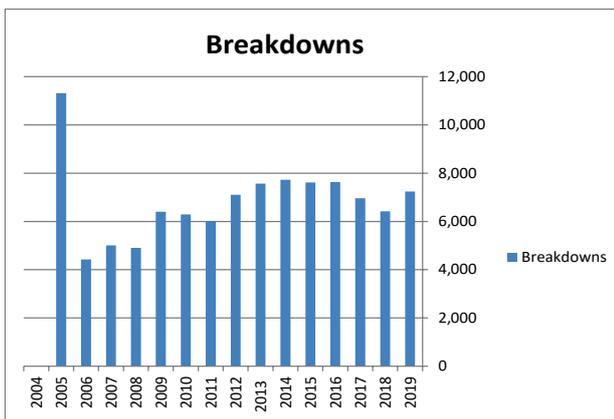
The Optiflux® System Technical Commission met 4 times this year, with representatives from member companies, AASO and brokers.

In addition to detailed information on particular controls or the application of particular rules, the topics covered are as follows:

- Possibility of calculating brokerage and commission on issues and premium collections in profit sharing and cancellation of profit sharing
- Implementation of a new Optiflux® version: Creation of new information "file in procedure: Yes/No" and "Overall Events" in the assessment of bodily injury claims.
- Creation of a new Optiflux® rule n°26. "Bulletin file: The information file in procedure with an "O - yes" value indicates that the case is in process or has been subject to proceedings."
- List of claims assessments that have not changed for more than 2 years issued to the leading insurers. Each leading insurer has the possibility of closing the claim via an Optiflux® bulletin or asking CESAM to close the claim via the Optiflux® system
- Status of unused "Condition of Insurance" codes since 2016. They will be inactive as of fiscal year 2019
- Reminder of the rounding rule for written premiums broken down by Insurance category or by premium term
- The BDI will automatically replace the special characters listed by substituting them with a space in the files to be distributed
- Premium issues containing only taxes are permitted. This makes it possible, for example, to process the FGATs which are expressed in euros
- Study of adding to the "Bulletin" feeds 2 areas "Fees and costs" and "Currency". They will be added in the next version of the Optiflux® feeds
- Information on the conclusion of the merger of the Optiflux® system with the BCR® system
- CESAM has relaunched the project to merge the Optiflux® system with that of Edi Courtaige

- Implementation of a procedure in the context of a claim management recovery via Optiflux® by the lead company when the initial lead is a non-Optiflux® leading agent
- The SICMEC project (Container tracking): A participant asks to receive documentation on the SICMEC project
- Optiflux® presentation at our member GENERALI
- Proposal to create a Rule 27 not accepted by a participating member: "If there are one or more co-insurers using Optiflux® on a case and if the broker of the case, whether French or not, does not use Optiflux®, the lead insurer, when managing a claim file, must carry out all the operations (Bulletins, general average statements and payment orders) via Optiflux® for the French Market share"
- Implementation of a procedure for handling claims settlements outside Optiflux® on existing Optiflux® files.

SUMMARY FROM 01/01/2019 to 31/12/2019



1. RETROSPECTIVE of our events

CESAM | Events DEPARTMENT- Communication 2019

TUESDAY 3 DECEMBER

Training Day for EEA Yacht Boat Experts

Theme: The Mast.

Location: Centre Jouffroy, 70 rue Jouffroy d'Abbans, 75017 Paris.

This day was the occasion to award the diplomas to the 5 Certified Experts of the class of 2019 (See photo).

Well done everyone!

To download the programme, click, [here](#).



FRIDAY 28 JUNE

EEA Goods Transport Experts Training Day

Theme: Temperature-controlled transport.

Location: CESAM.

To consult the programme, [click here!](#)





MONDAY 3 - WEDNESDAY 5 JUNE

IUIAI General Assembly

(International Union of Aerospace Insurers)

CESAM had the pleasure of organising this General Assembly, which was held in Bordeaux for less than a week.

On the program:

Workshops, meetings for the Executive Committee of the IUIAI, welcome evening at the Palais de la Bourse, conference sessions, discovery of the Bordeaux region through various activities (visits to the city centre of Bordeaux, Saint-Emilion and Médoc), cookery classes for those accompanying you, wine-related activities and not forgetting **the prestigious evening invitation from the Transport Insurers of the French Market** (AGC&S, AIG, AXA XL, Global Aerospace, La Réunion Aérienne & Spatiale and Swiss Re CS) at Château Smith Haut Lafitte. To see and review the video of this evening, [click here!](#)





TUESDAY 14 - WEDNESDAY 15 MAY

The MAT Paris Meeting

Every year since 2009, and for the 11th year running, the Transport Insurance Market was held in Paris, at the Maison de la Chimie Convention Centre for 2 days of conferences, debates and exchanges. Management of 600/700 participants.



18 and 19 MARCH
 In collaboration with the BVT
**Training day for
 EEA Goods Transport Experts**
 Theme: Transport of
 dangerous goods
 Location: CESAM.

MAJOR EVENTS DEPARTMENT

1. 2019 IN REVIEW

1.1 Development of cases

- 1.1.1 Cases in progress
- 1.1.2 Closed cases
- 1.1.3 Premiums
- 1.1.4 Cases opened

1.2 Case features

- 1.2.1 General and special damage
- 1.2.2 Predominance of fires in general average cases
- 1.2.3 The importance of amicable settlements
- 1.2.4 Atypical cases
- 1.2.5 General Market Information

2. 2019 OVERVIEW

2.1 Interest of pooling

2.2 General framework for general average: CMI's work and recent legal developments

2.3 Means put in place for case management

- 2.3.1 Implementation of CESAM guarantees
- 2.3.2 Access to Lloyd's List
- 2.3.3 Access to the LAMYLINE database
- 2.3.4 Archiving of closed cases and sorting of cases in progress
- 2.3.5 Revision of CESAM's blocked accounts

2.4 Publication of NEWS and other information

3. OBJECTIVES AND DEVELOPMENTS FOR 2020

- 3.1 Developments in the files entrusted to us
- 3.2 Analysis of general average settlements
- 3.3 Monitoring changes in the LOF (Finance law)

1. 2019 IN REVIEW

1.1 Development of cases

1.1.1 Cases in progress

The stock of cases under management at CESAM's Major Casualties Unit for 2019 represents 40 major casualties cases (5 of which are new) including approximately 432 sub-cases submitted by member and non-member insurers. This stock of cases is relatively stable compared to 2018. The total amount of provisions set up and recommended by CESAM amounts to approximately € 1,024,500 and \$12,824,000 for all cases in progress at the end of 2019.

You will find in **APPENDIX 1** of this report the complete list of these cases (at the end of the file dedicated to the Major Events Department).

In addition, summary sheets are available to insurers, on request, for each major event.

1.1.2 Cases closed

Cases closed in 2019					
Ship	Event date	Vessel type	Closure date	Event	Fiscal year of the claim
FLINT	06/05/2019	Barge	08/08/2019	Fire	2019
IDEEFIXE	16/07/2016	Vraquier	04/11/2019	Grounding	2016
MSC SABRINA	08/03/2008	Container Ships	26/09/2019	Grounding	2008
SUDCARGOS	1983 à 2000	RC PRO	01/09/2019	Atypical file	1983 to 2000
ZENITH EXPLORER	17/12/2015	Container Ships	20/12/2019	Engine damage	2015

5 general average cases were closed by the Department in 2019 following the payment of general average contributions, amicable settlement or abandonment of the general average procedure by the shipowner.

1.1.3 Premiums

Premiums recorded in 2019						
Name of the case	Type	Date of event	Procedure	Initial claim	Comments	Closure
IDEEFIXE	Vraquier	16/07/2019	General Average + Assistance	20% of the CIF value	Abandonment General Average + amicable confidential agreement	04/11/2019
SUDCARGOS	X	1983 to 2000	RC PRO Insurer asbestos case		Confidential amicable agreement	01/09/2019

1.1.4 Opened cases

[1] Each sub-case corresponds to a separate insurance policy.

Cases opened in 2019				
Year	Date of the event	Ship	Type of Ship	Event
2019	03/01/2019	YANTIAN EXPRESS	Container ships	Fire
2019	31/01/2019	APL VANCOUVER	Container ships	Fire
2019	07/03/2019	ER KOBE	Container ships	Fire
2019	06/05/2019	FLINT	Barge	Grounding
2019	19/06/2019	BOW DIAMOND	Container ships	Crane collapse

1.2 Case features

1.2.1 General and specific damage

Like every year, the management of general average files in 2019 has once again confirmed the need for integrated management of specific damages occurring within the framework of a general average file managed by CESAM. These particular damages are still very largely managed separately by the companies without concerted management with CESAM, which can be detrimental when analysing the contributory value of the cargo interests. As a reminder, if a particular damage has not been clearly identified by the general average adjuster during a contradictory expert assessment, the latter will refuse to take this loss into account when calculating the contributory value. In addition, concerted management at CESAM enables the costs of expert assessments to be pooled among the various cargo interests represented.

1.2.2 Predominance of fires in general average cases

A cross-analysis of the cases in which CESAM has been involved since 2016, as well as the Statistics & Analysis from IUMI, demonstrates the significant predominance of incidents due to a fire in all general average cases in recent years. Over the last five years, CESAM has been mandated to handle 16 cases that have given rise to a general average declaration. However, of these 16 cases, 9 (56%) involved fires/explosions on board container ships. These figures can also be verified with information from IUMI, since from 2000 to 2015, 56 incidents involving container ships were due to fires. The figures have become even more significant in recent years: from 2016 to 2019, we have counted 18 incidents on board container ships due to fires/explosions, more than double the previous figures.

The general average is therefore unavoidable in this type of claim, with transport insurers being heavily involved in terms of costs, but also in the provision of guarantees allowing the release of undamaged goods.

1.2.3 The importance of amicable settlements

Every year, CESAM notes the importance of amicable settlements in the proper management of general average claims. In many cases, these make it possible to avoid lengthy and costly legal proceedings. Such regulations can only be envisaged by carrying out a thorough technical and legal analysis of the case. In 2019, this observation was notably observed in the resolution of the "IDEEFIXE" case, where an in-depth study of the assistance procedure enabled CESAM to negotiate an amicable agreement with the rescue workers, thus allowing real savings for the cargo interests represented by CESAM.

1.2.4 Atypical cases

Totally atypical cases were still being managed by the Major Casualties Unit in 2019.

Most of these cases have not changed, but remain open to CESAM:

- The PICASSO case [2], already mentioned in previous reports did not change in 2019..
- The SS HARROVIAN case [3], already mentioned in previous reports did not change in 2019.
- The SUDCARGOS case [4] as announced in 2018, was technically closed at the end of 2018 and in terms of accounting at the beginning of 2019.

1.2.5 General Market Information

Finally, it should be noted that, as usual, the Major Events Department continues to be contacted directly by policyholders, owners of goods or various intermediaries in the transport chain to find out about the progress of certain events. CESAM will always respond favourably to these requests for information to the extent of the information available to it. This activity is regular and requires a lot of hard work from the teams. It is also facilitated by the use of CESAM's Networks, which allow you to be very precisely and quickly informed of any important event.

2. 2019 OVERVIEW

2.1 Interest of pooling

Finally, it should be noted that, as usual, the Department continues to be contacted directly by policyholders, owners of goods or various intermediaries in the transport chain to find out about the progress of certain events. CESAM will always respond favourably to these requests for information to the extent of the information available to it. This activity is regular and requires a lot of hard work from the teams. It is also facilitated by the use of CESAM's Networks, which allow you to be very precisely and quickly informed of any important event.

2.2 General framework for general average: CMI's work and recent legal developments

Since the implementation of the new York and Antwerp rules in May 2016 (RYA 2016) at the annual congress of the International Maritime Committee in New York, the standing committee that now sits within this organisation has continued its activities and consultations with a view to drafting a General Average guide.

[2] Recovery of sums compensated by transport insurers following the theft of a Picasso painting in 1979.

[3] In 2017, CESAM was approached by the British administrative authorities about the recovery of a cargo of copper that was aboard the SS HARROVIAN when it was sunk by a German submarine off the English coast on 16 April 1916. CESAM had asked the British authorities to keep it informed of any operations undertaken on this vessel to retrieve the cargo.

[4] This case was referred to CESAM in 2014 by AGCS, the lead insurer on this policy, for the identification of all co-insurance and resumption of the management of this case including the remaining provisions pending on that date. An out-of-court settlement was finalised on this case in 2018..

During these discussions, the CMI's General Average Committee proposed the introduction of a single format for an Average Guarantee that is immediately available and immediately usable in order to simplify and unify practices and documents in this area.

The recommended model provides that the average adjuster is able to request an advance payment from the issuers of the said guarantee (mainly the insurers) in order to partially reimburse the mass creditor to the general average. This format, which was already in force, has been validated by the UK MLA and the marine insurers of the London market.

Various marine insurance associations are opposed to this proposal on the grounds that it will benefit creditor interests, most often shipowners' interests, in cases where the event is the consequence of a fault on the part of the latter.

In this respect, two separate decisions were issued in 2019 in England and France, challenging the right of shipowners who had declared general average to claim enforcement of general average guarantees issued on the grounds that the event resulted from the fault of the shipowners. The English judge [5], true to the spirit of the York and Antwerp regulations, has recognised the right of insurers who are entitled to oppose, in their capacity as issuer of the guarantee, the demand for performance of the guarantee in accordance with the principle contained in the RYA. For its part, the Paris Court of Appeal [6], in a very similar case, ruled in a completely opposite direction, condemning the insurers who issued a guarantee to pay an amount of € 2.5 billion to the shipowner in the name of the letter of art D of the RYA, which provides that the right to challenge the Damage Commissioner can only be exercised after having paid, under the general average guarantee, the amount charged for cargo interest.

Given the differences between the two jurisdictions, CESAM will continue to monitor the regulatory developments proposed by the specialists on the CMI's General Average Committee with regard to both the documentation used in this area and the explanations that will be provided in the General Average guide currently being drawn up, which will become an essential reference in this particularly costly and unpredictable field for insurers.

2.3 Means put in place for case management

2.3.1 Implementation of CESAM guarantees

In 2019, CESAM has issued several guarantees on behalf of various insurers, whether in the context of a general average procedure or an assistance procedure.

As a reminder, in order to issue such a CESAM guarantee, the Major Casualties Department blocks the sums corresponding to the provisional contribution rate for general average and/or assistance on an interest-bearing blocked bank account. If this rate changes, the blocked amounts will be readjusted according to this change. Upon final payment of contributions and/or assistance operations, unless otherwise specified by the company concerned, these blocked funds will be used to pay the said contributions.

The balance and interest will then be returned to the company.

2.3.2 Access to Lloyd's List

For many years, CESAM has subscribed to the "Lloyd's List Intelligence" database to inform CESAM members of any marine casualty, but also to trace the movements of a vessel, its technical characteristics, its owners, the controls and/or sanctions that have been taken by the various competent authorities against a vessel as well as to obtain certain information relating to ports and their infrastructures. Alerts can also be set up to indicate the presence of a specific unit in a given geographical area or to identify any unit entering a given geographical area.

[5] <https://www.quadrantchambers.com/news/general-average-guarantees-and-the-actionable-fault-defence-the-blse-sunrise-2019-ewhc-2860-comm>

[6] COURT OF APPEAL OF PARIS (Department 5, Ch. 5) - 13 JUNE 2019 Sea Rainbow Vessel No .17/01597]

ARCELORMITTAL ATLANTIQUE ET LORRAINE v/ Sté CAIHONGHAI SHIPPING INC. and a.

[7] 11 Lamy Insurance (since 1997), Bulletin des Transports (since 1996) and Droit Maritime Français (since 1990).

CESAM members can therefore request the intervention of the Major Casualties Department for any search on this database. This service will be invoiced at €50.00 excl. tax insofar as it is limited to the sending of the requested vessel case. Time-based pricing will be applied if the service is more complex.

2.3.3 Access to the LAMYLINE database

Subscription to the LAMYLINE database was also renewed for the year 2019.

This legislative, jurisprudential and doctrinal database allows searches to be carried out for member companies with a long history.

For this service, the Department will apply an hourly rate.

2.3.4 Archiving of closed cases and sorting of cases in progress

During 2019, a major archiving operation was carried out in order to send to an external service provider all closed files that do not need to be kept on CESAM's premises, but which are nevertheless kept for a minimum of 5 years after their closing date.

In addition, a major work of sorting the files in progress at CESAM has been undertaken since the last quarter of 2019. In fact, many files still open at CESAM must be able to be closed as soon as certain situations have been cleared (payment of last invoices, receipt of funds, etc.).

The Department's teams have therefore undertaken a major revival effort to this end..

2.3.5 Revision of CESAM's blocked accounts

In coordination with the Financial Department, all the blocked accounts ("Ship Accounts") opened at CESAM for the management of certain Major Events files were analysed to enable the closure and remittance of funds to the companies where possible.

The status of each of these accounts is also sent quarterly to all co-insurers systematically by the Financial Department.

See table of "Blocked accounts opened at CESAM in 2019" in **APPENDIX 2** (at the end of the case devoted to the Major Events Department).

2.4 Publication of NEWS and other information

In 2019, the Department issued **8 NEWS items and information**.

This information is also relayed by the Communication Department on our social networks, via our LinkedIn and Twitter accounts.

As a reminder, the NEWS file, which is only intended for brokers, agents, insurers, special lawyers and other companies providing services to transport insurers, included approximately 450 recipients ^[8] in 2018.

In 2019, this file exceeded 500 recipients.

[8] To comply with the GDPR, CESAM has added a note at the bottom of all "NEWS" items with multiple recipients.

News items issued by the Major Casualties Department - 2019		
Broadcasting	Subject	Recipients
28/01/2019	YANTIAN EXPRESS - Fire of 03/01/2019	NEWS file
12/03/2019	GRANDE AMERICA - Fire of 10/03/2019	NEWS file
27/03/2019	ER KOBE - Fire of 14/02/2019	NEWS file
04/06/2019	SONARA - CAMEROON - Fire and explosion	NEWS file
24/06/2019	New regulations on financial transactions and impact on the Damage Commissioners	NEWS file
10/09/2019	GOLDEN RAY - Capsized on 08/09/2019	NEWS file
30/10/2019	Networks Unit's and Major Casualties Department's Annual Reports 2018	NEWS file
08/11/2019	GLOVIS CAPTAIN	NEWS file

3. OBJECTIFS ET ÉVOLUTIONS POUR 2020

As indicated above (Point 2.2.4), the finalisation of the sorting of current files to enable the closure of certain files is an important objective for the year 2020.

3.1 Developments in the files entrusted to us

For several years now, the Department has been offering member companies extensive support for all types of major claims and no longer confines itself solely to cases of general average and/or assistance declaration.

With this in mind, the Department can therefore intervene in cases where there is no declaration of general average or assistance but where the interests of several member companies are involved (collision, grounding, major climatic event, etc.).

As mentioned above, requests to manage and issue guarantees on behalf of foreign markets whose guarantees are systematically refused by dispatchers and/or companies in charge of assistance operations will undoubtedly become more and more frequent.

3.2 Analysis of general average settlements

As announced in the 2018 report, substantive work began in 2019 to thoroughly analyse the latest general average settlements received at CESAM. A trainee has been working on this subject since the end of 2019. The result of their work will be communicated at the end of 2020.

Since CESAM has been involved in the majority of general average cases that have concerned the French market in recent years, we think it would be interesting to carry out an in-depth analysis of the eligible costs and expenses for general average. In recent years, the eligible costs of general average seem to include an increasing number of ancillary costs, in particular consultancy costs. It is therefore important to measure more precisely the origin and weight of this expenditure in the management of general average. Depending on the results of this analysis, it might be possible to ask the average adjuster to take into account, at least partially, certain CESAM costs..

3.3 Monitoring of developments in the LOF (Finance Law)

The LOF and the arbitration process for the resolution of disputes in this area were substantially revised in the course of 2019, without undermining the organisation and principles of this institutional process for the administration of the maritime assistance conventions and the determination of the assistance compensation due to rescue workers.

The so-called 2020 LOF has been in force since the beginning of this year, after certain amendments were made to it. The rules of procedure for arbitration have been recast to include the provisions applicable to the simplified and economic Fixed costs Arbitration Procedure (FCAP) in a single scheme. The procedure for issuing assistance guarantees has been slightly revised to eliminate the requirement that the issuer of the guarantee must be domiciled in London. This development reflects the contemporary practice whereby international marine insurance markets have long issued these guarantees without being domiciled in London. From now on, the amounts guaranteed may include the costs of arbitration, an option that is also widely used at the request of rescue workers, without the guarantors having any objections.

The powers of the arbitrators have been extended and strengthened in accordance with the internal rules of English applicable law on the subject.

The principle of adversarial proceedings has been strengthened to make all measures taken against the guarantors in the course of the proceedings opposable to the cargo interests and thus avoid differences in treatment between the guarantors and the assisted initial interests.

Finally, all transactions aimed at terminating an arbitration initiated by the assistant with a majority of cargo interests, approved by the arbitrators, shall be deemed to be opposable to the minority and/or unrepresented cargo interests. In addition, an important development is the right of the rescue worker to terminate his/her service unilaterally.

APPENDIX 1

CASES OPENED TO CESAM IN 2019

SHIPS	EVT DATE	EVT TYPE	PROCEDURE	NUMBER OF SUB-CASES	STATUS OF THE FILE
AL RAWDAH	19/06/2011	GROUNDING	ASS + GEN. AV.	17	AMICABLE AGREEMENT IN THE PROCESS OF BEING FINALISED
AMSTERDAM BRIDGE	09/05/2012	FIRE	ASS + GEN. AV.	2	PENDING DEPOT REMAINING PORTION TO PAY
APL AUSTRIA	12/02/2017	FIRE	GEN. AV.	6	PENDING DEPOT REMAINING PORTION TO PAY
APL LOS ANGELES	22/09/2018	GROUNDING	GEN. AV.	6	PENDING DEPOT REMAINING PORTION TO PAY
APL PERU	05/10/2008	FIRE	GEN. AV.	2	PENDING DEPOT REMAINING PORTION TO PAY
APL VANCOUVER	31/01/2019	FIRE	GEN. AV.	1	PENDING DEPOT REMAINING PORTION TO PAY
BOULARIBANK	08/08/2006	FIRE	GEN. AV.	4	in the process of being closed
BOW DIAMOND	18/09/2019	DAMAGE	ASS + GEN. AV.	1	ASSISTANCE PROCEDURE
BUENOS AIRES EXPRESS	26/02/2012	FIRE	GEN. AV.	1	PENDING DEPOT REMAINING PORTION TO PAY
CCNI ARAUCO	01/09/2016	FIRE	ASS + GEN. AV.	6	PENDING DEPOT REMAINING PORTION TO PAY
CHARLOTTE MAERSK	07/07/2010	FIRE	ASS + GEN. AV.	55	ACCORD AMIABLE FINALISE EN COURS DE SIGNATURE
CIGDEM	X	ASBESTOS CASE		1	monitoring
CMA CGM LIBRA	19/05/2011	GROUNDING	GEN. AV.	62	LAWYER'S FINAL INVOICE PENDING
E.R. KOBE	14/02/2019	FIRE	GEN. AV.	1	PENDING DEPOT REMAINING PORTION TO PAY
EUGENIO	07/08/2005	GROUNDING	?	5	PENDING DEPOT REMAINING PORTION TO PAY
FLINT	06/05/2019	GROUNDING	GEN. AV.	1	CLOSED 2019
HANJIN GREEN EARTH	01/05/2015	FIRE	ASS + GEN. AV.	27	PENDING DEPOT REMAINING PORTION TO PAY
IDEEFIXE	16/07/2016	GROUNDING	ASS + GEN. AV.	3	CLOSED 2019
KEA TRADER	12/07/2017	GROUNDING	ASS	3	ASSISTANCE PROCEDURE
MAERSK HONAM	06/03/2018	FIRE	ASS + GEN. AV.	72	GENERAL AVERAGE + ASSISTANCE
MAERSK KARACHI	14/05/2015	FIRE	GEN. AV.	3	GENERAL AVERAGE PROCEDURE
MAERSK SEOUL	22/07/2015	FIRE	ASS + GEN. AV.	2	PENDING DEPOT REMAINING PORTION TO PAY
MARFRET NIOLON	25/07/2011	FIRE	GEN. AV.	1	PENDING DEPOT REMAINING PORTION TO PAY
MED NAPLES	01/11/1996	MACHINE DAMAGE	?	20	PENDING DEPOT REMAINING PORTION TO PAY
MOL COMFORT	17/06/2013	SHIPWRECK	LEGAL PROCEEDINGS	15	LIMITATION FUND PROCEDURE
MOL RENAISSANCE	28/12/2005	FIRE	ASS + GEN. AV.	49	in the process of being closed
MSC DANIELA	05/04/2017	FIRE	GEN. AV.	31	PENDING DEPOT REMAINING PORTION TO PAY
MSC FLAMINIA	14/07/2012	FIRE	ASS + GEN. AV.	1	in the process of being closed
MSC NIKITA	29/08/2009	COL	ASS + GEN. AV.	4	PENDING DEPOT REMAINING PORTION TO PAY
MSC SABRINA	08/03/2008	GROUNDING	ASS + GEN. AV.	5	CLOSED 2019
PICASSO	2010'	ASBESTOS CASE	X	1	AMICABLE NEGOTIATION IN PROGRESS
SAFMARINE AGULHAS	26/06/2006	GROUNDING	?	2	PENDING DEPOT REMAINING PORTION TO PAY
SOLIDOR II	10/07/1905	ASBESTOS CASE	X	1	in the process of being closed
SS HAROVIAN	2016'	SHIPWRECK	X	1	AMICABLE NEGOTIATION IN PROGRESS
SUDCARGOS	1983 to 2000	ASBESTOS CASE	X	12	CLOSED 2019
TLEMCEN	23/08/1999	CARGO UNDOCKING	?	2	PENDING DEPOT REMAINING PORTION TO PAY
WANHE	24/09/2014	GROUNDING	GEN. AV.	1	in the process of being closed
WAN HAI	30/08/2018	GROUNDING	ASS + GEN. AV.	2	PENDING DEPOT REMAINING PORTION TO PAY
YANTIAN EXPRESS	03/01/2019	FIRE	ASS + GEN. AV.	2	GENERAL AVERAGE + ASSISTANCE
ZENITH EXPLORER	17/12/2015	MACHINE DAMAGE	GEN. AV.	1	CLOSED 2019

APPENDIX 2

Blocked accounts opened at CESAM		
Account N°	Title	Creation date
0805	APL AUSTRIA	07/03/2017
0811	MAERSK HONAM SD 40	07/06/2018
0816	DARFUR	15/05/2003
0817	IDEEFIXE 1	17/08/2016
0828	MOL RENAISSANCE	26/04/2013
0829	THOMAS DELMAS	19/11/2008
0830	THOMAS DELMAS	15/12/2008
0831	THOMAS DELMAS	15/12/2008
0860	SOLIDOR II	15/05/2003
0937	MAERSK HONAM SD 41 MANAGEMENT FEE	18/09/2018
0938	MAERSK HONAM SD 41-01	18/09/2018
0939	MAERSK HONAM SD 41-03	18/09/2018
0940	MAERSK HONAM SD 41-02	19/09/2018
0941	MAERSK HONAM SD 41-04	19/09/2018
0945	MAERSK HONAM SD 40 MANAGEMENT FEE	18/09/2018
0949	MAERSK HONAM SD44 - MANAGEMENT	18/09/2018
0950	MAERSK HONAM SD 44-01	24/07/2018
0951	MAERSK HONAM SD 44-02	19/09/2018
0952	MAERSK HONAM SD 44-03	27/07/2018
0953	MAERSK HONAM SD 44-04	24/07/2018
0954	MAERSK HONAM SD 44-05	24/07/2018
0955	MAERSK HONAM SD 44-06	24/07/2018
0956	MAERSK HONAM SD 44-07	24/07/2018
0957	MAERSK HONAM SD 44-08	24/07/2018
0959	MAERSK HONAM SD 44-10	24/07/2018
0961	MAERSK HONAM SD 44-12	24/07/2018
0962	MAERSK HONAM SD 44-13	27/07/2018
0963	MAERSK HONAM SD 44-14	24/07/2018
0964	MAERSK HONAM SD 44-15	24/07/2018
0965	MAERSK HONAM SD 44-16	24/07/2018
0966	MAERSK HONAM SD 44-17	24/07/2018
0967	MAERSK HONAM SD 44-18	24/07/2018
0968	MAERSK HONAM SD 44-19	27/07/2018
0969	MAERSK HONAM SD 44-20	24/07/2018
0970	MAERSK HONAM SD 44-21	24/07/2018
0971	MAERSK HONAM SD 44-22	25/07/2018
0972	MAERSK HONAM SD 44-23	25/07/2018
0973	MAERSK HONAM SD 44-24	25/07/2018
0974	MAERSK HONAM SD 44-25	25/07/2018
0975	MAERSK HONAM SD 44-26	25/07/2018
0976	MAERSK HONAM SD 44-27	30/07/2018
0977	MAERSK HONAM SD 44-28	25/07/2018
0978	MAERSK HONAM SD 44-29	27/07/2018
0979	MAERSK HONAM SD 44-30	25/07/2018
0980	MAERSK HONAM SD 44-31	15/10/2018
0981	MAERSK HONAM SD 44-32	15/10/2018
0982	MAERSK HONAM SD 44-33	15/10/2018
0983	MAERSK HONAM SD 45	12/12/2018
0984	MAERSK HONAM SD 47	19/12/2018
0985	BOW DIAMOND	28/10/2019
0986	BOW DIAMOND MANAGEMENT FEE	28/10/2019
1805	APL AUSTRIA INTERESTS	07/04/2017
1816	DARFUR INTERESTS	23/06/2008
1817	IDEEFIXE 1 INTERESTS	09/09/2016
1828	MOL RENAISSANCE INTERESTS	27/03/2013
1829	THOMAS DELMAS INTERESTS	19/11/2008

WAR AND OTHER RISKS DEPARTMENT

RATING ON "War And Other Risks"

1. 2019 IN REVIEW

- 1.1 Launch of the website
- 1.2 Creation of a War Risk Crisis Unit
- 1.3 Definition of rating criteria
- 1.4 Means of communication
- 1.5 Exceptional rating changes:
prior to 1 April 2019
- 1.6 Exceptional rating changes:
after 1 April 2019
 - 1.6.1 First modification of the CCR list as of 1 April 2019
 - 1.6.2 Exceptional changes after 1 April 2019
- 1.7 Creation of international zones with their own ratings

2. 2019 OVERVIEW

- 2.1 Consulting the site

3. OBJECTIVES AND DEVELOPMENTS FOR 2020

- 3.1 Overall revision on 1 April 2020
- 3.2 Website developments

As announced in the 2018 annual report of the Major Events Department, following the cessation of the CCR's (Caisse Centrale de Réassurance Central Reinsurance Fund), rating of countries at risk of war, the Board of Directors has entrusted CESAM **with the resumption of this rating since 1 September 2018.**

At the time of this resumption, it had been agreed that, at least until 1 April 2019, CESAM would take over the CCR notes and the list of zones, without modification, with the exception of serious new situations requiring, as a matter of urgency, a change in the rating of an area. As it was not possible to obtain a precise definition of the rating criteria used by the CCR for this rating, **the year 2019 was mainly devoted to the setting up of evaluation criteria allowing a rating of the different countries and/or areas in order to allow a complete revision of the CCR list on 1 April 2020.**

1. 2019 IN REVIEW

1.1 Launch of the website

To satisfy this new project, CESAM's IT Department has set up, a **new section dedicated to the "War and other Risks" rating on CESAM's website**^[1].

The production of this site in French was made on the agreed date of 01/09/2018 with the possibility of searching by zone in extended guarantee or waterborne guarantee.

Several data export possibilities are also freely available:

- Data export all countries EXTENDED GUARANTEE
- Data export all countries WATERBORNE GUARANTEE
- Export of data from countries with a rating higher than 6 ratings case by case EXTENDED GUARANTEE
- Export of data from countries with a rating higher than 6 ratings case by case WATERBORNE GUARANTEE

1.2 Creation of a War Risk Crisis Unit

Following, in particular, the crisis situation in the Persian Gulf, at the beginning of July 2019 a working group "Crisis Unit" was created within the MT/RG Committee of the FFA [French Insurance Federation]. In accordance with the opinion of the Legal Department of the French Insurance Federation (FFA), the purpose of this unit is in no way to interfere in the rating process set up at CESAM in order to comply with competition law. It is therefore a communication and alert unit allowing for better reactivity in terms of informing the actors concerned and compliance with the FFA's model clauses in terms of "War and other risks" applicable to the insurance of transported goods.

This Unit met several times during 2019.

1.3 Definition of rating criteria

Throughout 2019, CESAM worked in collaboration with the FFA and more particularly COMAT to ensure that the decisions taken in terms of rating were in line with the FFA's model clauses on "War and other risks" applicable to the insurance of transported goods.

However, it is important to stress that the rating process itself is completely independent of war risk policyholders. It is with this in mind that CESAM has envisaged a complete review of the criteria for this rating. It was agreed that CESAM did not note the hypothetical RISK of war but only present situations justified by proven facts.

[1] <https://www.cesam.org/fr/notation/index.php>

As recalled in **the general explanatory notice** available on CESAM's website, [here](#), **CESAM bases its assessment on the census, in the various territories studied, of situations and incidents likely to give rise to claims that can be declared under the FFA's model clauses.** Situations of war and civil war (semi-liberal and paramilitary confrontations, bombings, shootings, explosions, etc.), riots, popular movements, strikes, etc., as well as acts of sabotage, terrorism, piracy, etc., but also captures, seizures, detentions, etc., are particularly monitored, since these situations or actions may lead to material damage and losses on goods transported by sea, land, river, air or multi-modal transport.

Contextual factors also influence CESAM's assessment, such as **the level of corruption and reliability of the authorities** that may play a role in transport operations (customs, security forces, other judicial and administrative authorities, etc.), the **existence of areas whose control is totally or partially beyond the de jure control of the authorities, the active presence of militant, terrorist or criminal movements, the difficulty of access for the population to basic resources** (food, fuel, etc.), **demographic or ecological pressures, etc.**

Generally speaking, the **intensity, frequency, duration and impact on freight transport of all the situations and incidents studied are taken into account.**

The more or less homogenous geographical distribution of the incidents recorded in the rated territory also influences the rating assigned to it.

In general, and apart from the comprehensive review envisaged on 1 April 2020, it is agreed to apply the following operating rules:

- **Any change in rating, in either direction, will be justified by an explanatory note published on CESAM's website.**
- **Any reduction will have to be justified by a minimum period of 6 months after the last event that justified the previous rating.**
- **Ratings may be changed on the first day of each term. On the other hand, if a new situation were to raise the rating of a zone, an exceptional update could be decided upon.**
- **If a rating is modified, the history of the ratings will be kept and can be consulted on the site with an end date for the previous rating and a start date for the new rating.**

1.4 Means of communication

To better inform users, it was decided in March 2019, that **any exceptional change in rating would be subject to a NEWS^[2].**

As a reminder, this email distribution is only intended for brokers, agents, insurers, specialised lawyers and other companies providing services to transport insurers, and enables them to communicate on all CESAM's news.

Subscription to this mailing list is available on request from CESAM's Communication Department, or by filling in the form "Subscribe to our mailing list and receive the latest CESAM news (Home page www.cesam.org / Bottom of page). Form received by the same Department.

In addition, important information relating to this "War and other risks" rating is also disseminated by the Communication Department via our Twitter and LinkedIn accounts.

Finally, as indicated above, **any subsequent changes to the initial CCR list will be subject to an explanatory note that can be downloaded from the CESAM website.**

1.5 Exceptional rating changes: prior to 1 April 2019

As previously indicated, until 1 April 2019, the CESAM rating was the same as the CCR rating **except in exceptional circumstances**.

In this case, CESAM considered it necessary to urgently amend the rating from Ukraine to take into account the situation of continuous high tensions with Russia^[3] at the end of 2018, beginning of 2019:

- **Change of the zone "All countries except Crimea, Donetsk and Luhansk" from rating 2 to 3 as of 01/01/2019.**
- **Change of the zone "Crimea, Donetsk and Luhansk" from rating 7 to 8 dated 06/12/2018.**

Moreover, as the CCR had unilaterally decided to change the ratings of Laos^[4], Myanmar^[5], Turkmenistan^[6] and Venezuela^[7], CESAM reflected this change in these lists on 01/11/2018, justifying the "tense geopolitical context".

1.6 Exceptional rating changes: after 1 April 2019

1.6.1 First modification of the CCR list as of 1 April 2019

Apart from exceptional rating changes justified by exceptional circumstances, the first changes to the CCR list took place on 1 April 2019.

INCREASES:

- India moves from rating 2 to 3 (with explanatory note FR/ENG)
- Pakistan moves from rating 3 to 4 (with explanatory note FR/ENG)
- Cameroon moves from rating 3 to 4 (with explanatory note FR/ENG)
- Burkina Faso moves from rating 3 to 4 (with explanatory note FR/ENG)

STAGNATIONS :

- United Kingdom remains in 1
- Algeria remains in 3
- Nicaragua remains in 3 (with explanatory note FR/ENG)
- Venezuela remains in 6 (with explanatory note FR/ENG)

REDUCTIONS:

- Turkmenistan moves from rating 6 to 5 (with explanatory note FR/ENG)
- Belarus moves from rating 7 to 5 (with explanatory note FR/ENG)

[2] To comply with the GDPR, CESAM has added a note at the bottom of all "NEWS" items with multiple recipients.

[3] See explanatory notes <https://www.cesam.org/fr/notation/index.php?editorsSelect=UKR&softwaresSelect=203>

[4] In Waterborne and Extended Guarantees change from rating 2 to 6.

[5] In Waterborne and Extended Guarantees change from rating 2 to 6.

[6] In Waterborne and Extended Guarantees change from rating 2 to 6.

[8] In Waterborne Guarantees change from rating 2 to 6 and in Extended Guarantees change from rating 3 to 6.

1.6.2 Exceptional changes after 1 April 2019

Apart from the quarterly changes, several exceptional changes were necessary following the occurrence of exceptional situations in certain areas in 2019

These exceptional modifications mainly target the countries of the Persian Gulf/Gulf of Oman following the crisis that occurred in 2019 in this region:

- 22/05/2019 : All the countries of the Persian Gulf/Gulf of Oman (Oman, Qatar, Bahrain, Kuwait) are given a rating of 3 and a rating of 4 for the United Arab Emirates and Saudi Arabia, which are particularly involved in the current conflict.
- 01/07/2019 : Change of the 3 provinces of Saudi Arabia bordering Yemen from rating 4 to rating 7 (Provinces of Jīzān, Asir and Najran).
- 22/11/2019 : Bolivia changed to rating 4.

1.7 Creation of international zones with their own rating

At the end of June 2019, CESAM proposed to the Board of Directors to extend its mission to **the rating of so-called international waters** with a rating higher than 1.

Again, this proposal was mainly made in response to the crisis in the Persian Gulf/Gulf of Oman, where many events took place outside the states' territorial waters.

This proposal was validated by CESAM's Board of Directors and, on 23/07/2019, the area, "Persian Gulf and Gulf of Oman" with a rating of 5 was created.

Subsequently, the creation of several "international waters" areas were studied during 2019 for commissioning in April 2020.

We can mention the following areas in particular: Strait of Malacca, Gulf of Guinea, Gulf of Aden, Mediterranean Sea off Libya,...

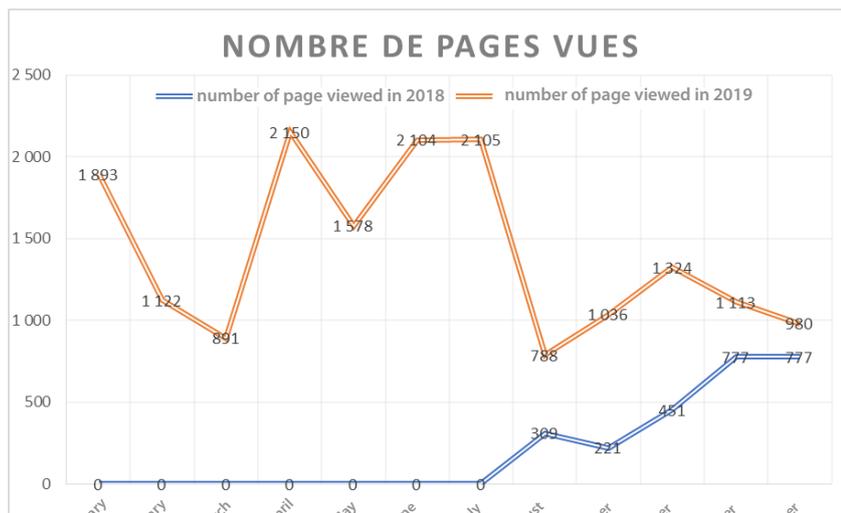
These areas will be delimited geographically (latitude, longitude) in the explanatory note accompanying any creation of such new areas. In addition, a map will also be attached to these instructions for a better visualisation of each area.

2. 2019 OVERVIEW

2.1 Consulting the site

number of page viewed			
ACCUMULATION	2019	Variation	2018
January	1,893	N/A	0
February	1,122	N/A	0
March	891	N/A	0
April	2,150	N/A	0
May	1,578	N/A	0
June	2,104	N/A	0
July	2,105	N/A	0
August	788	155.00%	309
September	1,036	369.00%	221
October	1,324	194.00%	451
November	1,113	43.00%	777
Décember	980	26.00%	777
TOTAL	17,084		2,535

NUMBER OF PAGE VIEWED



3. OBJECTIVES AND DEVELOPMENTS FOR 2020

3.1 Overall revision on 1 April 2020

As announced, on 1 April 2020, CESAM will publish, a complete revision of the list resulting from the CCR rating.

As of this date, the main developments are as follows:

- Deletion of rating 9, which will no longer be used, i.e. a rating from 1 to 8 (Rating 1 being the lowest rating in terms of the level of danger for the transport of goods).
- It is impossible to rate North Korea due to a lack of objective data. Division of certain countries into several zones designated by letters (see explanatory note with geographical delimitation on the CESAM website).
- Creation of international maritime zones with a score higher than 1 (see explanatory note with geographical delimitation on the CESAM website).
- Unless otherwise stated, all territories under the sovereignty of a State are included in the country in question.
- By agreement, for areas without a seafront, the "waterborne guarantee" rating will be identical to the "extended guarantee" rating

For information, this global revision was carried out without any particular difficulty for users, despite the pandemic and isolation period imposed by the French government to combat the spread of the Coronavirus. These changes will be discussed in more detail in the 2020 Annual Report.

3.2 Website developments

In order to make the "War and other risks" section of the CESAM website dedicated to this rating more intuitive and more fun for users, CESAM will study the possibility of improving the presentation of the various rating zones, notably by using maps.

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