

Allianz Global Corporate & Specialty SE

# SAFETY & SHIPPING REVIEW 2018

An annual review of trends and  
developments in shipping losses and  
safety

**Allianz** 



# CONTENT TOPICS

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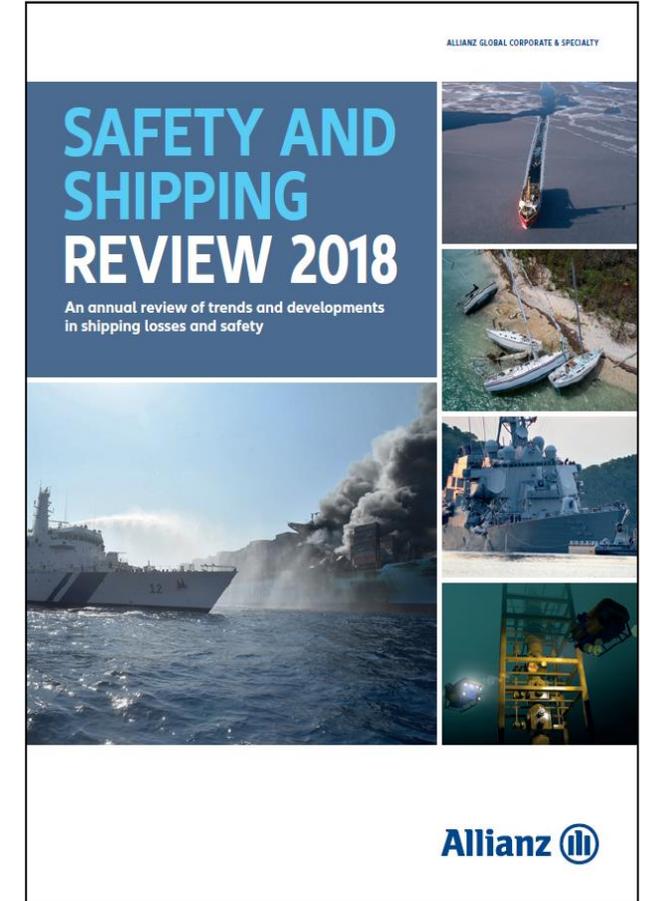
**03** TRENDS AND DEVELOPMENTS

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# ALLIANZ SAFETY & SHIPPING REVIEW 2018

- Market leading publication
- Analysis of the Total losses in Shipping industry year on year
- Report being published since 2012
- Key industry trends and insights
- Emerging risks





# TOTAL LOSSES IN 2017

## TOTAL LOSSES IN ALL REGIONS: 2017

This map shows the approximate locations of all reported total losses during 2017.



94

Total losses reported during 2017.

4%

Decline year on year.

Source: Lloyd's List Intelligence Casualty Statistics  
Data Analysis & Graphic: Allianz Global Corporate & Specialty



# TOTAL LOSSES IN 2017

## TOTAL LOSSES BY YEAR A DECLINING TREND

Shipping losses have declined by 38% over the past decade - from 151 in 2008 to 94 in 2017.



Source: Lloyd's List Intelligence Casualty Statistics  
Data Analysis & Graphic: Allianz Global Corporate & Specialty

113

10 Year total loss average

38%

Drop in total losses over the last decade



# TOTAL LOSSES BY TOP 10 REGIONS

2017 AND 2008 - 2017

TOTAL LOSSES BY TOP 10 REGIONS  
FROM JANUARY 1, 2017 TO DECEMBER 31, 2017

Region	Loss Total	Year-on-year change
S. China, Indochina, Indonesia and Philippines	30	↑ 6
East Mediterranean and Black Sea	17	↓ 2
British Isles, N. Sea, Eng. Channel and Bay of Biscay	8	=
Arabian Gulf and approaches	6	↑ 3
Japan, Korea and North China	6	↓ 5
S. Atlantic and East Coast S. America	5	↑ 1
West Mediterranean	4	=
West African Coast	3	=
Baltic	2	↑ 2
Bay of Bengal	2	↓ 1
Other	11	↓ 4
<b>Total</b>	<b>94</b>	<b>↓ 4</b>

TOTAL LOSSES BY TOP 10 REGIONS  
FROM JANUARY 1, 2008 TO DECEMBER 31, 2017

Region	Total Loss
S. China, Indochina, Indonesia and Philippines	252
East Mediterranean and Black Sea	169
Japan, Korea and North China	126
British Isles, N. Sea, Eng. Channel and Bay of Biscay	89
Arabian Gulf and approaches	62
West African Coast	51
West Mediterranean	48
East African Coast	34
Russian Arctic and Bering Sea	29
Bay of Bengal	28
Other	241
<b>Total</b>	<b>1,129</b>

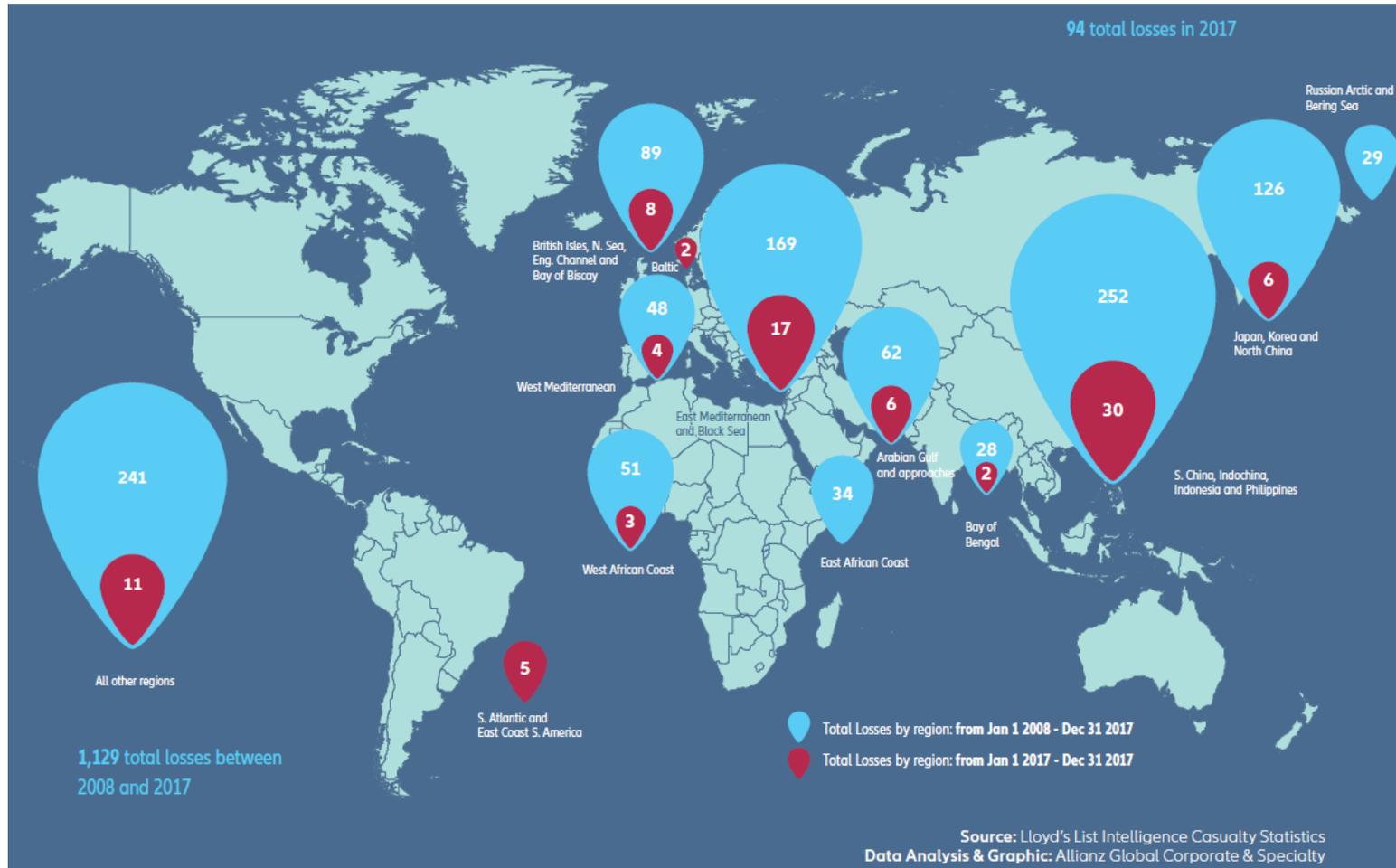
Source: Lloyd's List Intelligence Casualty Statistics  
Data Analysis & Graphic: Allianz Global Corporate & Specialty

- **1,129 losses** between 2008 and 2017.
- **South China, Indochina, Indonesia and Philippines** had most losses (30) followed by East Mediterranean and Black Sea (17)
- **Three shipping regions** account for almost half (**48%**) of all losses over the past 10 years.



# TOTAL LOSSES BY TOP 10 REGIONS

2008-2017 AND 2017

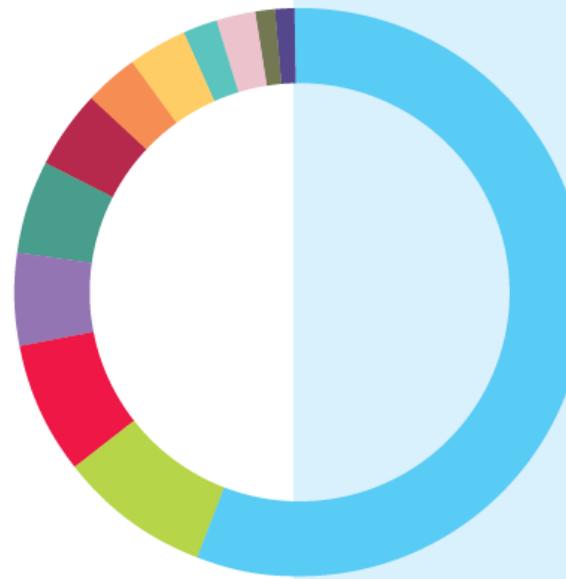
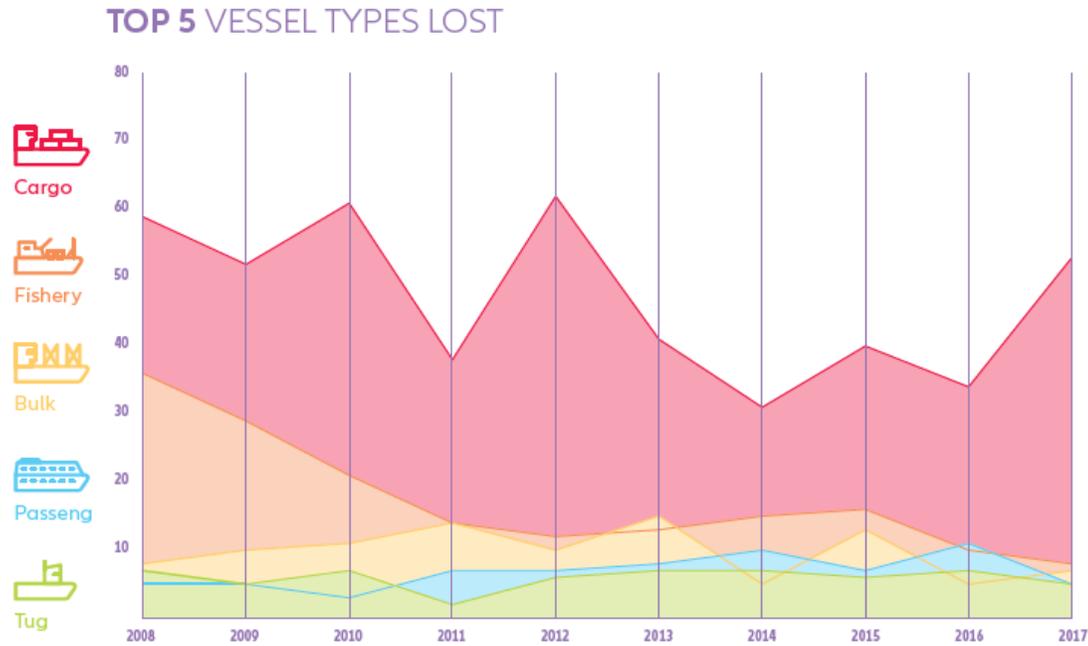


- **94 total losses during 2017**, a decline of 4% compared to the 98 losses during 2016.
- **South China, Indochina, Indonesia and Philippines** is once again the **top region** for total losses with 32% (30 total losses)
- Over **three quarters** of these incidents involved **cargo vessels**.
- **Foundered (sunk/submerged)** was the **top cause**, accounting for 80% of losses in this region.
- **Typhoon Damrey** was a contributing factor to at least 6 losses in SE Asia.



# TOTAL LOSSES BY TYPE OF VESSEL

2008 - 2017



TOTAL LOSSES BY TYPE OF VESSEL  
JANUARY 1, 2017 TO DECEMBER 31, 2017

Cargo	53
Fishery	8
Bulk	7
Passenger	5
Tug	5
Chemical/Product	4
Container	3
Dredger	3
Supply/Offshore	2
Tanker	2
Barge	1
Other	1
<b>Total</b>	<b>94</b>

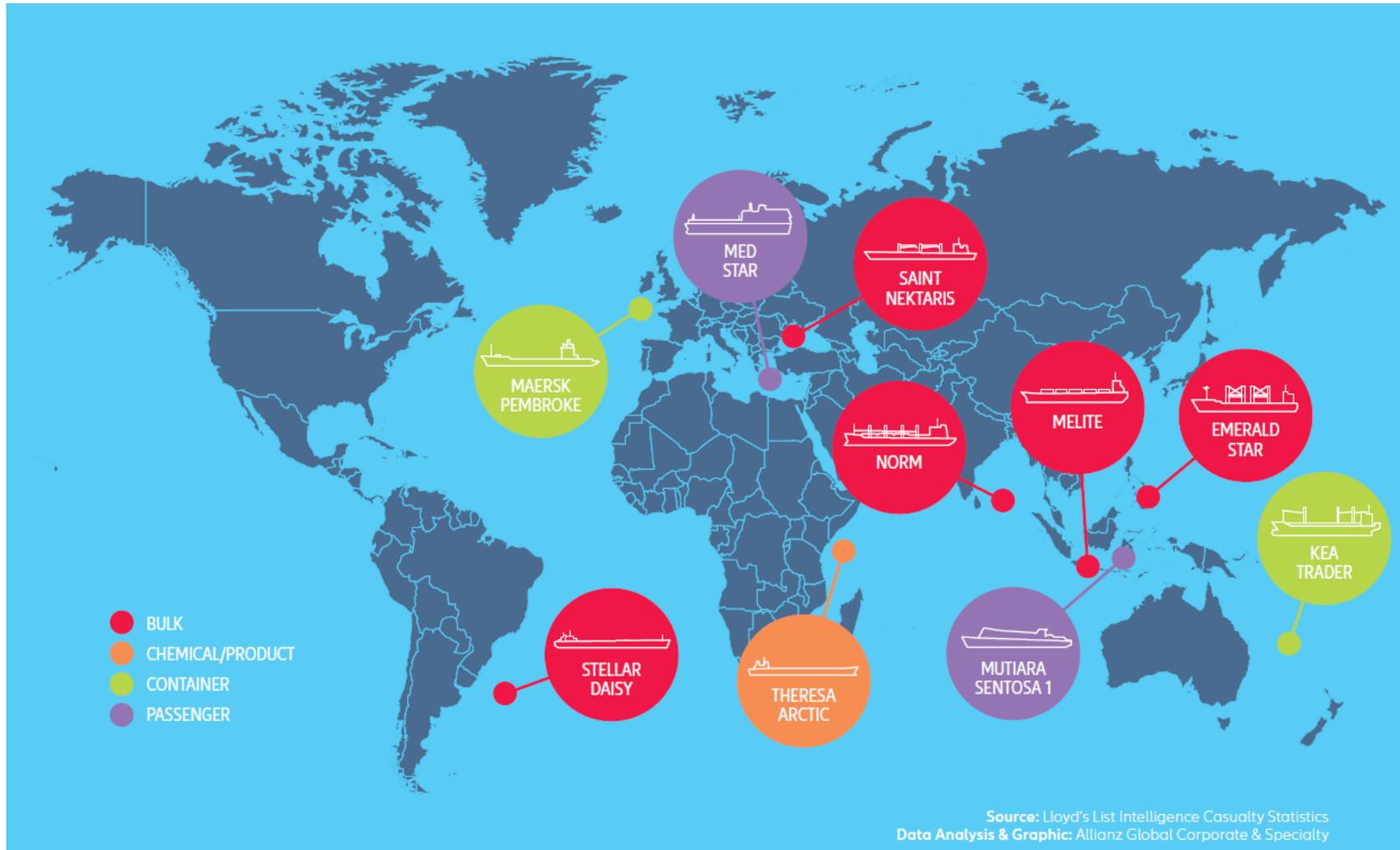
Source: Lloyd's List Intelligence Casualty Statistics  
Data Analysis & Graphic: Allianz Global Corporate & Specialty

- **Cargo (42%) and fishing vessels (15%)** account for almost 60% of the 1,129 total losses over the past decade.
- Fishing, passenger and tug losses were down year-on-year. **Bulk and tanker losses increased.**
- **Passenger ship total losses** halved over the past year to **5** losses, with activity located in the **top hotspots** of the **South China waters and the Mediterranean**. Fire was the cause of 3 losses.



# TOTAL LOSSES BY TYPE OF VESSEL

10 LARGEST VESSELS LOST FROM JANUARY 1, 2017 TO DECEMBER 31, 2017  
(showing approximate location of loss and type of vessel)



## LARGEST SHIPS LOST

### STELLAR DAISY

**March 31, 2017.** Sank after taking on water following hull crack, approximately 3,700km off the coast of Uruguay. 22 crew missing.  
**148,431 GT**

### THERESA ARCTIC

**June 20, 2017.** Grounded on reefs off Kilifi, Kenya. Refloated. Sent for scrap.  
**43,414 GT**

### MELITE

**July 26, 2017.** Grounded at Pulau Laut, Indonesia. Hull damage.  
**39,964 GT**

### EMERALD STAR

**October 13, 2017.** Sank off the coast of the Philippines. 11 crew missing.  
**33,205 GT**

### MAERSK PEMBROKE

**August 22, 2017.** Fire broke out approximately 400km off Isles of Scilly. Extinguished. Towed and sold for break-up  
**31,333 GT**

### NORM

**August 30, 2017.** Engine malfunction near Rondo Island, Indonesia. Towed. Sent for demolition.  
**25,190 GT**

### KEA TRADER

**July 12, 2017.** Ran aground on the Durand reefs off Mare, New Caledonia. Damaged beyond repair.  
**25,145 GT**

### MED STAR

**June 15, 2017.** Fire broke out off Rhodes, Greece. Extinguished. Towed and sent for break-up.  
**16,776 GT**

### SAINT NEKTARIS

**February 28, 2017.** Engine failure at Varna, Bulgaria. Towed to scrapyard pier.  
**13,697 GT**

### MUTIARA SENTOSA 1

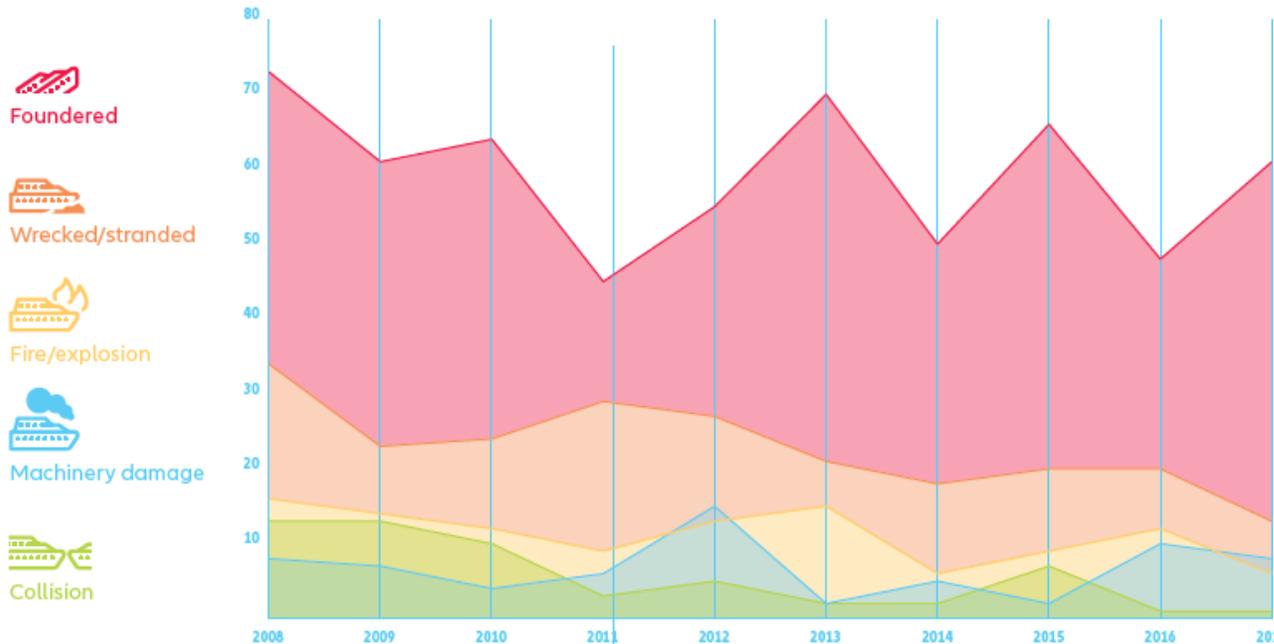
**May 19, 2017.** Fire broke out near Masalembu Island in the Java Sea. 5 fatalities, several missing.  
**12,365 GT**



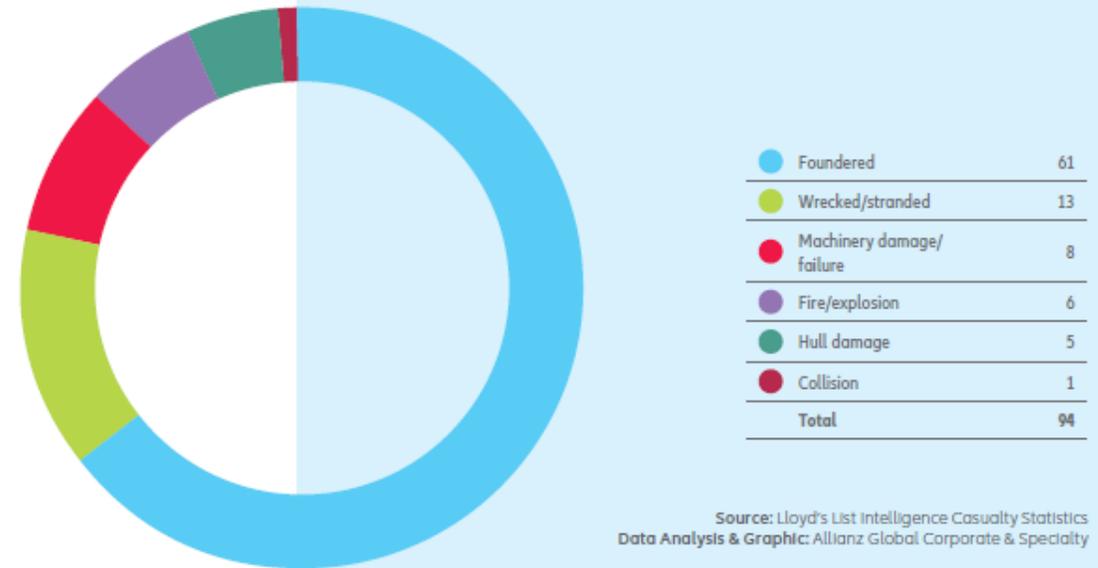
# CAUSES OF TOTAL LOSSES

JANUARY 1, 2017 – DECEMBER 31, 2017

TOP 5 CAUSES OF LOSS



CAUSES OF TOTAL LOSS  
JANUARY 1, 2017 TO DECEMBER 31, 2017



Source: Lloyd's List Intelligence Casualty Statistics  
Data Analysis & Graphic: Allianz Global Corporate & Speciality

- **Foundered (sunk/submerged)** has been the cause of over half of all total losses over the past decade. It accounted for an even higher share of all losses through 2017 (**65%**). Bad weather is often a factor.
- The number of total **losses caused by fire and explosion** halved year-on-year to 6, although three of these vessels were among the **10 largest lost**.
- The **unluckiest ship of 2017 is a passenger ferry** operating in the East Mediterranean and Black Sea region. It was involved in **seven reported incidents in just 12 months**, all caused by machinery/damage failure.



# ALL CASUALTIES INCLUDING TOTAL LOSSES

2008 – 2017 AND 2017

## ALL CASUALTIES INCLUDING TOTAL LOSSES: 2017 TOP 10 REGIONS

Region	Casualty Total	Year-on-year change
East Mediterranean and Black Sea	464	↓ 101
British Isles, N. Sea, Eng. Channel and Bay of Biscay	430	↑ 58
S. China, Indochina, Indonesia and Philippines	263	↑ 18
Baltic	162	↑ 21
Great Lakes	145	↑ 30
Japan, Korea and North China	142	↑ 17
West Mediterranean	122	↑ 14
North American West Coast	114	↓ 29
Newfoundland	110	↑ 40
Iceland and Northern Norway	101	↑ 19
Other	659	
<b>Total</b>	<b>2,712</b>	

## ALL CASUALTIES INCLUDING TOTAL LOSSES: 2008 - 2017 TOP 10 REGIONS

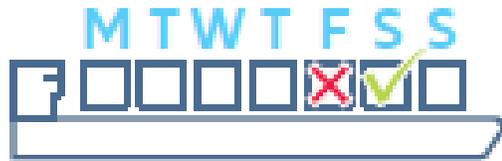
Region	Total
East Mediterranean and Black Sea	4,618
British Isles, N. Sea, Eng. Channel and Bay of Biscay	4,086
S. China, Indochina, Indonesia and Philippines	2,285
Baltic	1,661
Japan, Korea and North China	1,618
Great Lakes	1,274
Iceland and Northern Norway	1,060
West Mediterranean	948
North American West Coast	898
West African Coast	707
Other	6,812
<b>Total</b>	<b>25,967</b>

Source: Lloyd's List Intelligence Casualty Statistics  
Data Analysis & Graphic: Allianz Global Corporate & Specialty

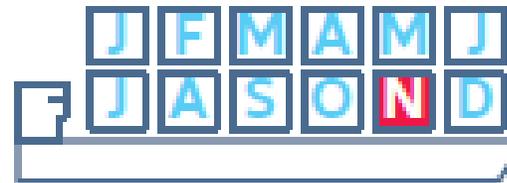
- **2,712 casualties** reported during 2017. These figures include **total losses of 94** during this period.
- **Machinery damage is the top cause** of incidents around the globe, accounting for 42% of casualties, followed by collision (13%) and wrecked/stranded (12%).
- **East Mediterranean and Black Sea region** is also the location with the **most shipping incidents** over the past decade (4,618).

# INTERESTING FACTS

2008 -2017 AND 2017



**Friday** is the most frequent day for shipping losses over the past decade (175) with **Saturday** (143) the safest day at sea. **Friday 13th** can be unlucky with five ships lost, including three on January 13, 2012 – one of which was **Costa Concordia**.



**November** is the busiest month for losses (36) in the top hotspot over the past decade – South China, Indochina, Indonesia and Philippines – a third were directly caused by typhoons (12).

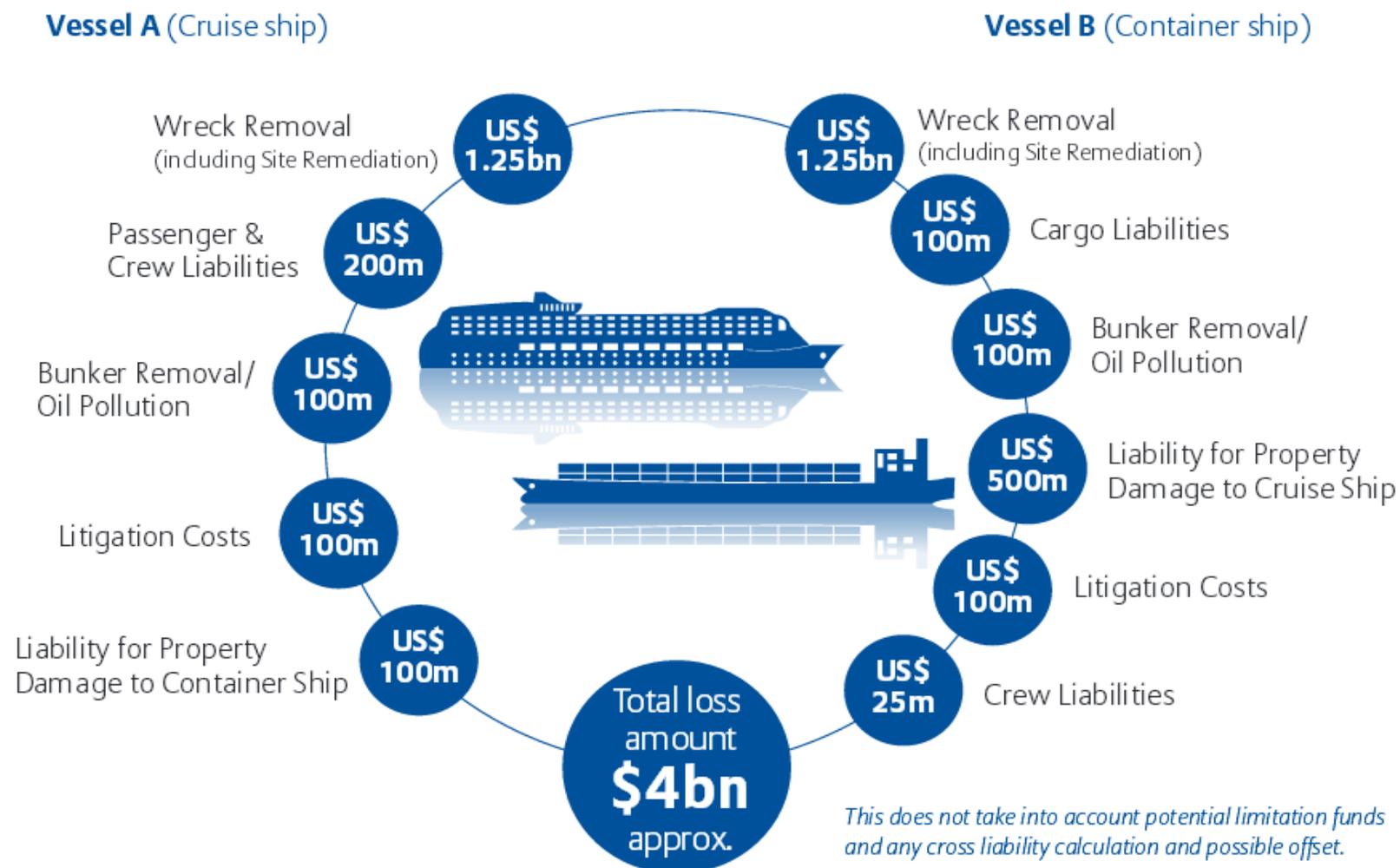




# EMERGING RISKS: INCREASING SIZE OF VESSELS

## HOW A \$4BN LOSS SCENARIO COULD OCCUR

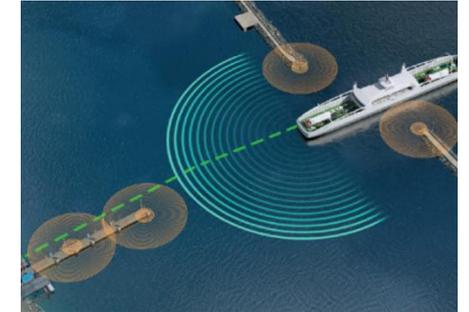
The loss of a large container vessel or passenger ship in environmentally-sensitive waters could cost billions of dollars, potentially even resulting in a **\$4bn** loss, if two large vessels are involved



# TRENDS AND DEVELOPMENTS

## HIGHLIGHTS AND GROWING COMPLEXITIES

- **Human error is still a major driver of incidents.** “Big data” analysis of crew behavior and near-misses could help prevent future disasters.
- **“Mega ship” fires, new emissions rules, climate change impact and growth of autonomous shipping** all pose significant risk challenges for our customers. Insurers expect to see **more losses from cyber incidents and technological defects in future** as risk profiles change.
- **Fast changing ice conditions bring new route risks** in the Arctic and North Atlantic. There were 71 reported shipping incidents in Arctic Circle waters during 2017, up 29% year-on-year.
- **Shippers need to get serious on cyber risk.** Major attacks like NotPetya creates urgency around tackling the threats posed to vessels and supply chains. New regulations, such as the NIS Directive, will exacerbate the fall-out from any future failure.



Photos: iStock, Rolls-Royce Ship Intelligence

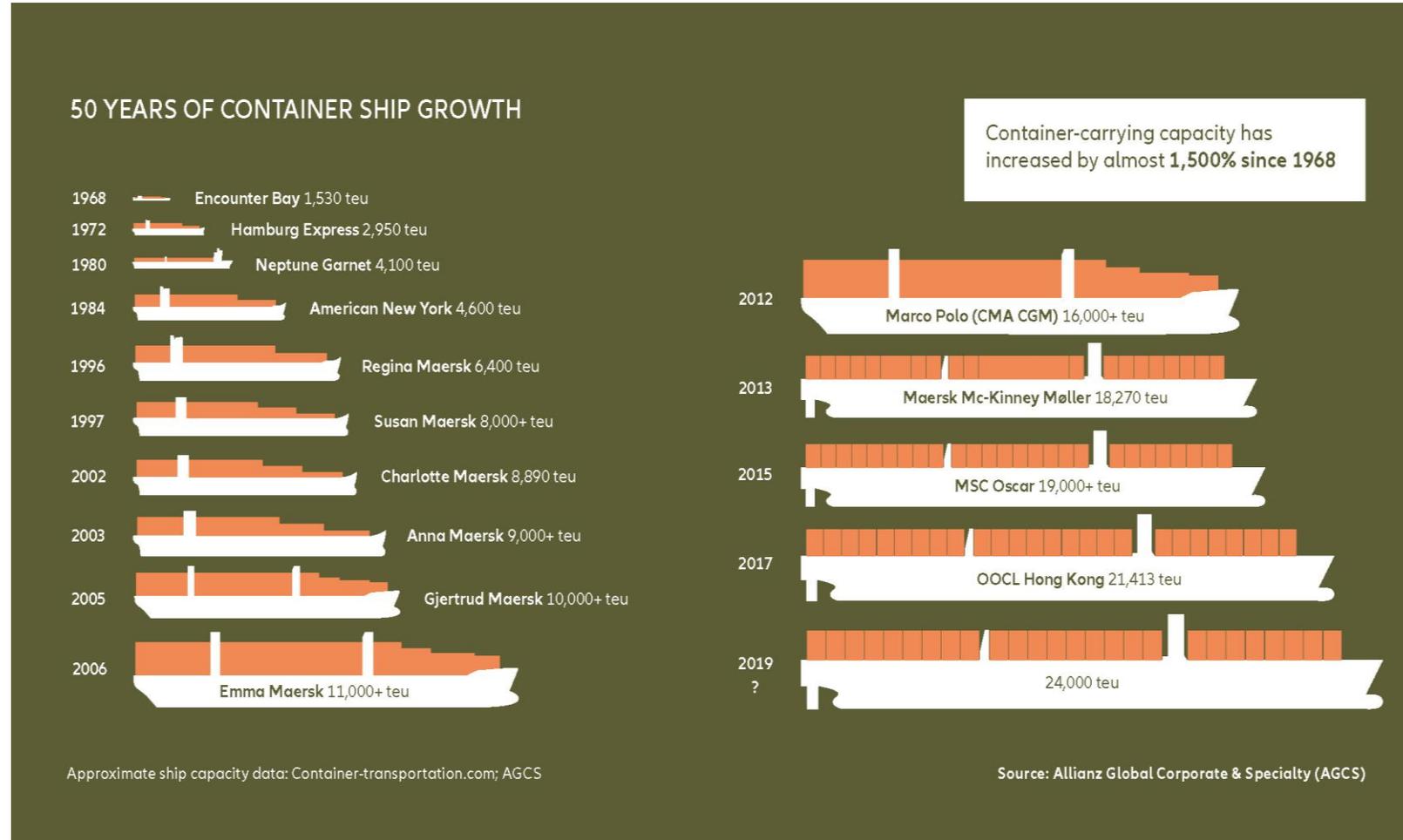


# TRENDS AND DEVELOPMENTS

## INDUSTRY STRUGGLES WITH LARGE CONTAINERSHIP FIRES

### Major fires on large container ships

- **Maersk Honam, 15226 TEU - 2018**
- **MSC Daniela, 13800 TEU - 2017**
- **CCNI Arauco, 9000 TEU - 2016**
- **MSC Flamina, 6750 TEU - 2012**





# TRENDS AND DEVELOPMENTS

## PIRACY

- **Indonesia** remains the top global hotspot but trending downwards
- In **Philippines** number of incidents doubled since last year from **10 to 22**
- **Gulf of Guinea in Africa** remains the hotspot with **36** attacks

### PIRACY: 12 MONTHS OF ACTIVITY



### Targeted vessels





# GLOBAL CLAIMS REVIEW 2018

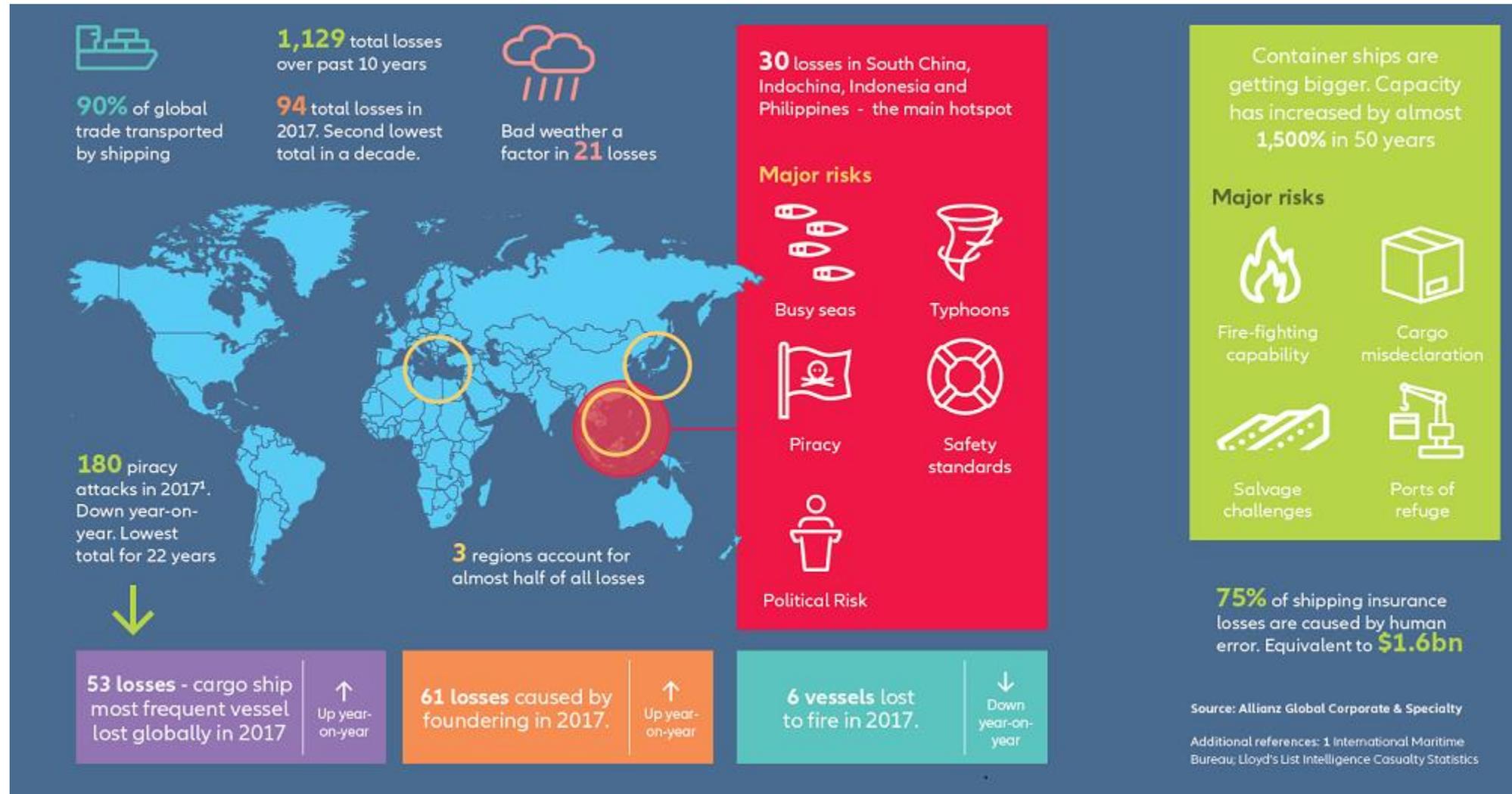
## MARINE CLAIMS





# SAFETY & SHIPPING REVIEW 2018

## IN NUMBERS





# SAFETY & SHIPPING REVIEW 2018

DOWNLOAD THE REPORT



[https://www.agcs.allianz.com/assets/PDFs/Reports/AGCS\\_Safety\\_Shipping\\_Review\\_2018.pdf](https://www.agcs.allianz.com/assets/PDFs/Reports/AGCS_Safety_Shipping_Review_2018.pdf)

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## Reports

### Safety and Shipping Review 2018

**This review focuses on key developments in maritime safety and analyzes shipping losses (of over 100 gross tons) during the 12 months prior to December 31, 2017. It also identifies some of the key risk management challenges the industry faces moving forward.**

[Download the report \(PDF\)](#)

Shipping is the lifeblood of the global economy, transporting approximately **90%** of global trade. There are over 50,000 merchant ships trading internationally, carrying every kind of cargo, so the safety of vessels is critical. The maritime industry saw the number of total shipping losses remain stable during 2017, declining slightly to **94** – the second lowest total over the past decade.

[www.agcs.allianz.com](http://www.agcs.allianz.com)

...erred with a year earlier (**98**) – current figures show a the 10-year loss average (**113**) – down 17%. Over the past decade, total losses have declined by more than a third (38%), driven by improved ship design, technology and advances in risk management and safety. Recent lower shipping activity is also a factor.

Disparities remain. The South China, Indochina, Indonesia and Philippines maritime region has been the number one area worldwide for major shipping incidents for the past decade, leading some media commentators to call it the “**new Bermuda Triangle**”. Last year, almost a third (32%) of losses occurred here (**30**) – up 25% annually. Not only are the seas busy they are also prone to bad weather – in 2017 **Typhoon Damrey** contributed to a number of losses (**6**). In addition, safety processes on some domestic routes continue to lag behind global standards. The East Mediterranean and Black Sea region is the second major loss hotspot (**17**), followed by the British Isles (**8**) and the Arabian Gulf (**6**).

Cargo ships (**53**) account for over half of all vessels lost during 2017, with activity up annually by 56%, driven by a rise in foundering (sinking) incidents. Fishing and passenger vessel losses are down year-on-year. Losses involving bulk carriers and

#### Related Information

- > Flood Checklist  
04 APRIL 2013
- > Industry's Struggle with Container Ship Fires Continues  
24 JULY 2018
- > Compliance with new emissions rules likely to be problematic  
20 JULY 2018
- > Sensors could improve navigation, supply chain and cargo risk management  
20 JULY 2018
- > Climate - Record-Breaking Hurricane Season Brings Supply Chain Pressure  
19 JULY 2018
- > Use of drones in the Shipping sector set to take-off  
18 JULY 2018
- > Fast-changing Arctic and North Atlantic conditions bring route risks  
18 JULY 2018
- > Windstorm Checklist  
04 APRIL 2013
- > Global Claims Contacts  
12 JULY 2018

#### Press release

Please find the accompanying press release [here](#).

#### Expert risk articles

- > [Shippers get serious about Cyber Threat](#)
- > [Use of drones in the Shipping sector set to take-off](#)
- > [Fast-changing Arctic and North Atlantic conditions bring route risks](#)

#### Download the report



# ALLIANZ GLOBAL CORPORATE & SPECIALTY

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