

Vessel monitoring and P&I insurance: International Group

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The International Group has released a circular, published by all its Group Clubs, on common standard for vessel tracking.

The rules and procedures developed by Clubs to manage sanctions risks take account of the guidance provided by the relevant regulatory bodies (e.g. UN Security Council (UNSCR), the UK Office of Financial Sanctions Implementation (OFSI), the US State Department and the US Office of Foreign Assets Control (OFAC)).

The ability to track vessels using their Automatic Identification Systems (AIS) has become an increasingly important part of Clubs' sanctions compliance programmes. All International Group Clubs have now agreed a common minimum standard of tracking.

The International Group said that, in order to ensure that Clubs were fully aware of capabilities of the products available in this fast-developing area, a working group had carried out in-depth discussions with service providers to better understand the technology available to monitor vessel movements in high risk areas. These products were subsequently trialled against the software currently utilised by Clubs. All International Group Clubs have now entered into agreements with commercial providers to track the movements of their entered vessels.

IG said that all clubs shared the common goals of ensuring their Members were aware of the sanctions framework in which they operated and that their Members' vessels were not traded in violation of applicable sanctions.

The Group said that the agreed common minimum standard of vessel tracking in high risk areas helped to identify activities such as port calls in sanctioned countries, abnormal navigation, manipulation and/or switching off a vessel's AIS transmitter, and STS operations in high risk areas.

P&I Clubs could use the information received from the tracking provider to reach out to Members to ensure that they were fully aware of the sanctions which might impact their trading patterns, as well as the due diligence steps that could be taken to ensure no sanctions were violated.

The information could also be used to militate against the risks of the Club inadvertently providing cover to a vessel which was violating sanctions.

However, there were limitations to AIS tracking. It was not a silver bullet.

An indicator of potential evasion activity was when a vessel inexplicably diverted course or ceased to transmit its AIS. However, routine monitoring of a vessel's AIS transmissions was not a complete answer when it came to identifying potential evasion activity. A suggestion that a vessel might be "going dark", be engaged in "dark activity" or having its AIS "turned off", simply because no signal was received, could be misleading. There were several possible reasons why no AIS signal may be received.

As had been highlighted in US shipping advisories, vessel spoofing might take place by other ships transmitting a false AIS and using the IMO number of a different vessel.

Innocent vessel owners were therefore surprised to learn that their vessel was falsely reported as being thousands of miles from the vessel's actual location and be accused of sanctions evasion.

The Safety of Life at Sea Convention also permits an AIS transmitter to be turned off for safety and security reasons

Where a ship is not in compliance with Flag State requirements the owner risks prejudicing cover under the relevant P&I club's rules. There would also be grounds to deny P&I cover on the basis of imprudent or unlawful trading where an owner trades a vessel in breach of sanctions, disguising the vessel's location by manipulating or withholding the transmission of AIS data.

Monitoring of AIS signal alone cannot ensure effective sanctions' compliance. Other non-AIS data systems could also assist in effective vessel monitoring programmes, together with ship security alert systems and data provided by flag states. Analysis of the raw data by experts was essential. Satellite imagery was becoming an increasingly useful additional tool.

<https://www.skuld.com/topics/legal/sanctions/vessel-monitoring-and-pi-insurance/>

http://www.gard.no/Content/29697320/MemberCircular_5_2020.pdf