

SUMMARY OF THE ACTIVITIES OF MARINE COMMITTEE



Mr. Jamshaid Hussain
Chairman



Mr. Usman Arif
Vice Chairman



Mr. Fawwad
Member



Mr. Kamran Arif
Member



Mr. M. Naveed Fayyaz
Member



Mr. M. Sohail Nazir
Member



Mr. Rehan Fasih
Member



Syed Kazim Hasan
EC Observer



Mr. N.A. Usmani
Secretary General



Mr. Nabeel W. Sabir
Deputy Secretary General

1. Statistics

The following statistics were collected and compiled for members review

- **Inland Transit Losses**

The Committee continued collection of inland transit losses data. The data included comparison for the past five years highlighting top commodities, concerned cities, transporters engaged and incident time. The comparison was circulated to members and uploaded on IAP website.

- **Marine, Aviation and Transport Business**

Data collected from members for the year 2021 was reviewed by the Committee, circulated to member

companies and uploaded on IAP website. Since 2019 the data also carries Takaful / Window Takaful Operations information separately in addition to the conventional business data collected from members.

2. Implementation of Convention on International Transport of Goods by Road (CMR 1978)

Marine Committee representatives briefed the EC at the 6th April 2021 meeting on local insurance industry's preparedness on adopting "International Transport of Goods by Road (CMR 1978)" mandated after Pakistan's accession to the convention on 28th August 2019. In order to acquaint all stakeholders (including insurers, freight forwarders, transporters) with the requirements of this Convention and facilitate international transport of goods by road

the Ministry of Communications Pakistan has appointed Mott MacDonalds Pakistan to engage stakeholders and a CMR Implementation Committee has been formed. The Ministry of Communication has included IAP in the CMR Implementation Committee and Chairman and Vice Chairman Marine Committee have been nominated as the focal persons.

The Convention defines responsibilities and liabilities of the parties to the contract including the limits of liability for loss, damage or delay in delivery of goods by road in the same manner as it has been done in the international convention for sea transport, known as Hague Visby Rules and the Montreal Convention for air transport. The basic purpose of the Convention (like most multilateral treaties) is to unify the rules for international road haulage with the aim of promoting the development of international trade. Haulers, carriers and freight forwarders find the Convention to be of great importance from a practical point of view because, without it, every country would be adhering to their own national regulations. The Convention allows a single document to replace the dozens of documents that would have to be otherwise used.

In order to cover the liabilities of the transporters, Carrier's Liability Insurance policies are required to be issued by Pakistani insurers. The Pakistani Insurance Industry is ready to implement CMR 1978 by providing standard and add-on covers under Carrier's Liability Insurance. However, the Government of Pakistan will need to address the following:

- Availability/ use of Road Transport Vehicles of International Standards
- Availability of International HTV Driver's License
- Road Transport Agreement facilitating driver's visa and road permit issuing authority or association for CMR Waybill needs to be decided
- Promulgation of necessary legislation to provide

legal cover to CMR convention in Pakistan

The Ministry of Communication's first meeting of the CMR Implementation Committee was held on 9th August 2021, the Committee agreed to prepare Marine Committee's recommended Marine Cargo Liability wording/ policy document.

A three-member task force comprising of following individuals has been advised to deliberate and finalize the IAP recommended CMR 1978 Cargo &/ Carrier Liability wording.

Mr. Usman Arif
Mr. Muhammad Naveed Fayyaz
Mr. Jamshaid Hussain

The Marine Committee is finalizing the wording and will be sharing their recommendations with EC soon.

3. Pakistan Single Window (PSW)

The Committee continued discussion on the Pakistan Single Window Act 2021 and the resultant formation of PSW Company in compliance with the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO), which will integrate regulatory departments including customs, banks, port authorities, shipping companies, brokers, etc.

A letter from IAP was sent to PSW in February 2022 to seek updates on the PSW developments, discussions with all stakeholders and request for participation in these deliberations.

Mr. Salman Afzal Secretary Customs FBR working in PSW met the Marine Committee on 22nd February 2022 and sought feedback on the following questions which have been redirected to the Miscellaneous Committee

- i. What are the products offered by Insurance

-
- companies for Customs?
- ii. Presently Insurance companies are issuing Insurance guarantees for transit cargo, can the same facility be extended to other schemes like Export facilitation Scheme 2021 for goods imported by exporters free of duty and taxes for subsequent export in place of bank guarantees?
 - iii. What is the most appropriate ranking system of insurance companies?

Meeting with PSW on 10th June 2022

The Marine Committee met PSW team on 10th June 2022 where they were briefed that PSW are in the process of on-boarding 77 bodies under the single window program to help simplify the trade process/ requirements for importers and exporters. The initiative is part of the WTO requirement.

PSW team was updated on the importance of insurance and how it is an important stakeholder. The SBP Foreign Exchange Manual specifies all imports in Pakistan are required to mandatorily be insured in Pakistan, the import L/Cs therefore require insurance from all import clients.

At present there are two types of insurances being given to importers, 1. "Cover Note" shipment specific single cover i.e. insurance for a single shipment where specific shipment details are also provided by customers 2. "Open Policies" covers for customers who are importing goods more frequently but in the absence of shipment declaration no specific shipment details (per carry) are provided by customers.

If customers are required to enter insurance details in PSW for each shipment they are bringing with actual invoice quantities and values from sender, and Insurance Companies will be notified of the details being furnished (cross checked) and therefore the issue of under declared shipments can be resolved. Helping both insurance companies charge the actual

applicable premium and the Government getting its due taxes/ duties.

PSW agreed that they can assess the option of developing a utility in the PSW for Insurance Companies to access this information, in addition a presentation/ walkthrough of the PSW system can also be arranged for insurance companies.

Next meeting was agreed to be held after PSW has studied the SBP FX Manual Import Insurance mandatory requirement and how current Insurance System works.

4. IAP Advisory on Russia Ukraine War

An urgent meeting of the Marine Committee was called on 3rd March 2022 and the following advisory was issued on 4th March 2022 along with a Sample NOC and map of Black sea.

“WAR BETWEEN RUSSIA AND UKRAINE

ADVISORY NOTE BY MARINE COMMITTEE OF INSURANCE ASSOCIATION OF PAKISTAN

In the wake of the recent war between Russia and Ukraine, the following are for the interest and information of the members.

What Is Happening

Russian forces entered Ukraine on 24th February, 2022. As per Al Jazeera, the forces have captured Kherson (city south of Ukraine) and are now advancing towards Mariupol (one of their port city). Fierce fighting has been reported. The forces are also moving towards Zaprizhzhia nuclear power plant in the city of Enerhodar.

High Risk Areas

The entire Black Sea and Sea of Azov are the most affected areas with regard to marine risks. The countries on the Black Sea includes:-

Russia
Ukraine
Bulgaria
Romania
Moldova
Georgia
Turkey

Please see the map attached

Recent Marine Incidents in the Affected Areas

There are reports that few cargo vessels have been hit by missiles. Some incidents are listed below:

YASA JUPITER (bulk carrier)	- hit by a missile at Odessa port, Ukraine
NAMURA (bulk carrier)	- hit by missile at Yuzhe, Ukraine
MILLENNIAL SPIRIT (tanker)	- hit by missile
AFINA (bulk carrier)	- captured by Russian warships
PRINCESS NICOLE	- captured by Russian warships
BANGLAR SAMRIDDHI (bulk carrier)	- hit by missile at Olivia, Ukraine
Source	: Skytek black sea report 1st March 2022 : Khaleej Times , 4th March, 2022

Response of the International Reinsurance

Market

Many reinsurers across the globe have started serving notices of cancellation for War and Strikes covers for the shipments moving to / from / through and within the affected areas.

Advice to IAP Members

New Enquiries

Members are advised to be extremely cautious in offering covers for shipments to / from / through / within the area of Black Sea and Sea of Azov.

It is suggested that where necessary the cover should only be given for marine risks only i.e. excluding covers for war and SRCC risks.

Existing Open Policies / Open Covers

In case of existing open policies /open covers, the members, at their discretion, may serve 7 days' notice of cancellation for War/ SRCC covers to their customers in the above-mentioned high-risk War effected areas.

Already Issued Covernotes

In case of covernotes where shipments are yet to take place, members, at their discretion, may serve 7 days' notice of cancellation for War/ SRCC covers to their customers in the above-mentioned high-risk War effected areas.

For the benefit of the members, a draft of the notice of cancellation has been attached with this advisory note.

For any further query, you may refer the matter to the Marine Committee of IAP.
Dated: 4th March, 2022"