

CARGO ACCUMULATION: BIGGER VESSELS, CROWDED PORTS, CONGESTED ROADS AND PACKED WAREHOUSES

AIMU Marine Insurance Day 2019

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Allianz Global Corporate & Speciality

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Baruch College Newman Conference Center

New York, NY

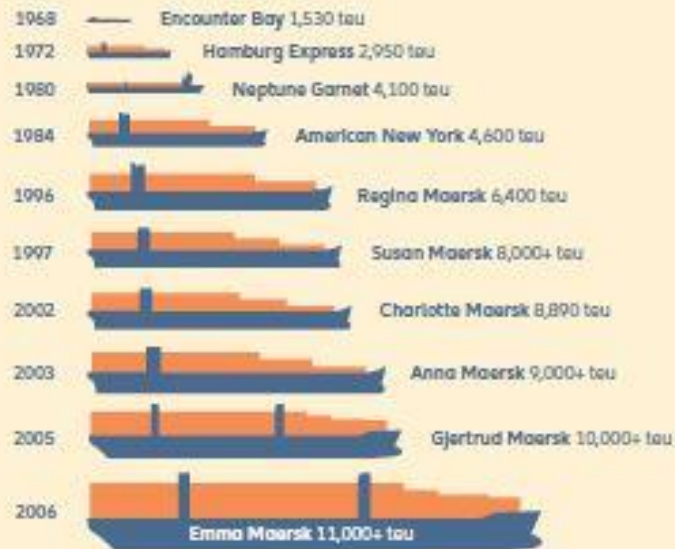




EXPONENTIAL GROWTH

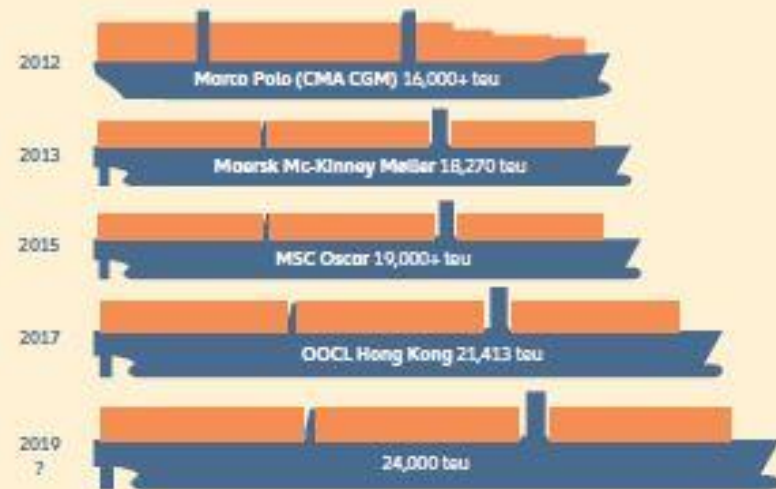
Safety and Shipping Review 2019

50 YEARS OF CONTAINER SHIP GROWTH



Approximate ship capacity data: Container-transportation.com; AGCS

Container-carrying capacity has increased by around 1,500% since 1968 and has almost doubled over the past decade



Source: Allianz Global Corporate & Speciality (AGCS)



IMPACTS ON INFRASTRUCTURE

- Benefits include:
 - Economy of scale for shipping companies
 - Maximizing moves per vessel movement for terminals
- Challenges include:
 - Deeper & wider channels
 - Continued dredging / maintenance of channels and berths.
 - Raising Bridges
 - New Cranes & productivity pressures (more moves in same time)
 - Terminal storage capacity
 - Upgraded bollard SWL and docking impacts – quay utilization rate / layout
 - More powerful tugs
 - Pilot training
 - VTS Impacts – traffic control issues
 - Cargo accumulation – including Hazmat & Reefers



SUPPLY CHAIN EXPOSURES OF ULCS

- There are both primary and secondary exposures.
 - Secondary exposures are introduced as the 11,000 to 14,000 TEU vessels are pushed into smaller feeder service roles calling at ports that cannot support them, and do not have the capital to invest in upgrades. South American & African ports are prime examples.
- The overall supply chain productivity should be studied and not just the ocean transport leg of the journey.
- In many cases the supply chain stakeholders have not been involved in the conversation.
- Loss exposures as a result of having these vessels in supply chain.
 - Potential GA Exposures
 - Complicated Salvage scenarios
- Does a complex automated port infrastructure have a higher risk profile?
 - Cyber exposures
 - NatCat exposures
 - Single channel navigation limitations vs. secondary channels



19,000TEU CSCL INDIAN OCEAN - 2016





MSC INES - DURBAN, SOUTH AFRICA, 2017





ANSWERS TO THE CHALLENGES

- Automation of existing to address both costs & speed – fully or semi automated
- Densifying operations on the same existing footprint
 - There is too much focus on vessel productivity and not enough focus on overall supply chain efficiency
- Engage supply chain stakeholders
- Challenges include:
 - Up front cost
 - Difficulty in upgrading an existing facility
 - Availability of land & permitting
 - Labor issues