**Polar Code – the insurance view**

The newly introduced Polar Code requires vessels operating in Polar regions to apply for a Polar Ship Certificate and carry a Polar Water Operational Manual which provides the owner, operator, master and crew with information regarding the ship's operational capabilities and limitations in the extreme conditions of polar waters. Together, those should demonstrate to insurers that ships are properly equipped and that crews are appropriately qualified and trained.

This is very welcome risk mitigation for underwriters who classify the high north as being outside the usual risk boundaries and in general terms, cover is not given above 70º North or below 50º south unless it is individually negotiated. It was insurers who backed the inclusion of the Polaris ice assessment tool in the Code.

However, whilst the Code covers the design, construction, equipment, operational, training, search and rescue and environmental protection for most ships operating in Arctic and Antarctic waters, it is not the whole answer for underwriters. Both areas have seen casualties, so insurers would additionally support vessels having a mandatory pre-agreed salvage plan along the lines of the US Vessel Response Plan system.

Polar waters remain an extreme environment for vessel operations as on top of the physical cold and ice, satellite navigation does not function properly and there is a lack of rescue infrastructure should a ship encounter problems. Accurate marine charts are difficult to obtain but despite the obvious hazards, the market frequently receives intelligence about vessels with inadequate ice-class operating around the fringes of the ice sheets.

Up until now it has been difficult for insurers to assess the risks of vessels operating in Polar waters and see the Code as clear assistance in such risk analysis. It is a fine example of collaborative effort before an event rather than waiting for an eventuality to force a reaction.

The marine insurance community will now be looking to incorporate aspects of the Code into underwriting and are keen to see the new Arctic Shipping Best Practices Information Forum make progress in establishing a framework to share information on Polar risks and experiences.

*This position paper has been prepared by:*

*The London insurance market’s* ***Joint Hull Committee*** *– representing both Lloyd’s and Company hull underwriters.*

*It is also supported by:*

***IUMI’s Ocean Hull Committee –*** *the International Union of Marine Insurers hull sector committee,**representing underwriters from 46 countries.*

***Lloyd’s of London*** *- the world’s specialist insurance market*

***Lloyd’s Agency*** *- responsible firstly for the Lloyd’s Agency network – a network providing independent marine surveying and claims adjusting services to the global insurance industry and its customers and secondly for the administration of Lloyd’s Standard Form of Salvage Agreement – providing a regime for the lodging and collection of security and for determining the amount of remuneration to be awarded to salvage companies for their services in saving property at sea and minimising and/or preventing damage to the environment.*

2nd May 2017