

Poseidon Principles for Marine Insurance |

A uniform approach and message toward our clients – Affiliate members

Summary

The maritime sector has provided efficient economic services that play a key role in enabling growth of global trade and global economic development. However, this has not been without some adverse social and environmental consequences unique to the maritime sector. The continued success of the maritime sector is intrinsically linked to the well-being and prosperity of society, and all industry participants must play a role in addressing these adverse factors.

The Poseidon Principles for Marine Insurance create common global baselines that are consistent with and supportive of society's goals to better enable insurers to assess and align their portfolios with responsible environmental impacts. The Poseidon Principles for Marine Insurance are applicable to insurance providers who provide Hull & Machinery coverage, and are supported by insurance brokers and business partners. They apply globally to all shipping activities where a vessel or vessels fall under the purview of the IMO.

Affiliate membership is applicable to insurance brokers and collective groups (such as insurance associations, unions and P&I Clubs), and Signatories welcome such support. It is the intention that over time, and with increasing access to reliable data and information for public disclosure of climate alignment, the scope of the Principles will expand to include more Affiliate members as Signatories

The Principles are consistent with the policies and ambitions of the IMO, including its ambition to reduce shipping's total annual greenhouse gas (GHG) emissions by at least 50% by 2050 compared to 2008. Signatories have also chosen to take steps toward alignment with the Paris Agreement, to achieve climate neutrality by 2050, and to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels, with the ambition to be fully aligned over time.

The Principles and their requirements

The requirements for Affiliate members fall under the four Principles that constitute the Poseidon Principles for Marine Insurance:

1. Assessment of climate alignment

As an Affiliate member, we will support Signatories by sharing knowledge about the Assessment principle and climate alignment methodology with relevant stakeholders, in line with the [Technical Guidance](#).

2. Accountability

As an Affiliate member, we will, for each step of the assessment and as necessary, support Signatories by sharing knowledge about the Accountability principle and data collection process with relevant stakeholders, in line with the Technical Guidance.

3. Enforcement

As an Affiliate member, we will agree to work with shipowners, other marine insurance providers, brokers and business partners where possible, to support Signatories by sharing knowledge about the Enforcement principle and standardized clauses with relevant stakeholders, in line with the Technical Guidance.

4. Transparency

As an Affiliate member, we will publicly communicate on the ways in which we engage with and support the Poseidon Principles for Marine Insurance through the disclosure requirements. The overall format is flexible, so long as it adheres to the requirements and is included in relevant institutional publications.

Requirements for disclosure

Affiliate members are required to report on activities and the efforts made by them every year. Each disclosure report must include all of the following elements (disclosure requirements):

- A statement by the chief executive or equivalent expressing continued support for the Poseidon Principles for Insurance and renewing the participant’s ongoing commitment to the initiative and its principles.
- A description of the practical actions that the organization has undertaken to support the Poseidon Principles for Insurance and to engage with the initiative. Practical actions should relate to one or more of the specific activities suggested to each type of participant in support of the initiative.
- Measurement of outcomes [i.e. qualitative or quantitative measurements of results].

On an annual basis, the Affiliate members will:

1. No later than 30 November, complete the annual self-assessment for Affiliate members, which includes public disclosure requirements for inclusion in the Annual Report (see above).
2. On a timeline that is appropriate for that institution, include the disclosure requirements in relevant institutional reports.

The Transparency requirements are not intended to be static – it is hoped that the assessments will improve over time with increasing transparency and access to reliable data sources for these stakeholders.

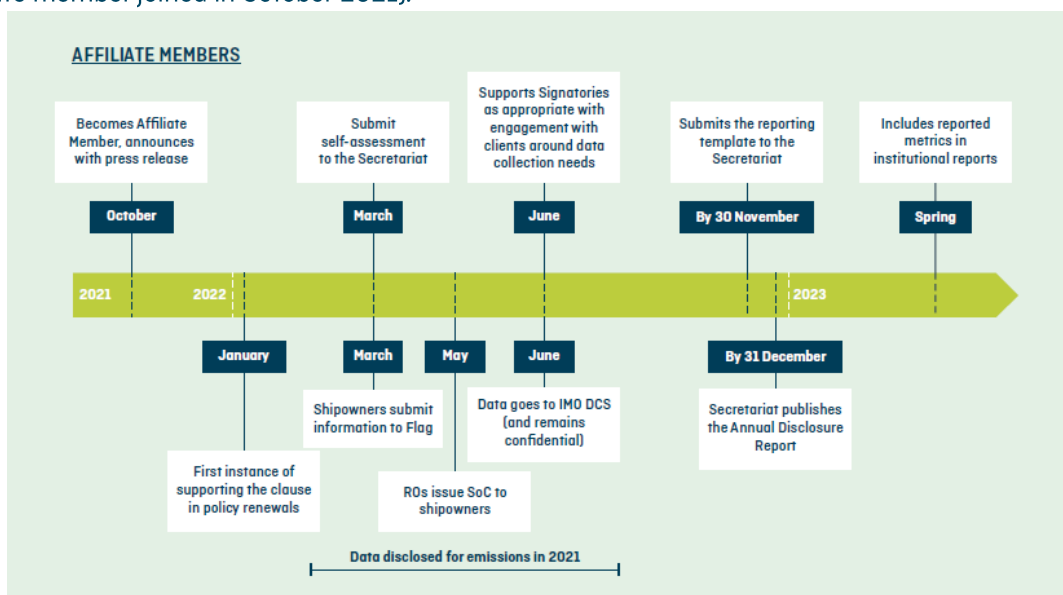
Standard Covenant Clause

Insurance providers are within their rights under most current agreements to demand disclosure of data necessary to comply with the initial Poseidon Principles for Marine Insurance. While the covenant wording is strongly recommended, it is not compulsory for Signatories. However, if all Signatories start using it in new agreements it will de facto be in common usage. Affiliate members can support Signatories as follow, by example:

- Brokers – use their best efforts to inform and include the definitions and terms set out by the Principles (e.g., the standard clause in policy agreements) in order to support Signatories and clients in providing verified emissions information.
- Associations, P&I clubs and membership groups – use their best efforts to inform and educate member organizations, so that the practices, definitions and terms set out in the Principles become common practice across the industry

Timelines for data reporting and sharing

The general timeline of the requirements for Affiliate members is as outlined in the figure below (example when an Affiliate member joined in October 2021).



The expectations of the Affiliate members to the Poseidon Principles for Marine Insurance

As Affiliate members, we commit to supporting the Signatories, and working with our partners and clients to improve transparency across our business activities.

We are happy to have further discussions to answer any questions you might have.

The ambition of the Poseidon Principles for Marine Insurance

It is our ambition to gradually see the climate alignment of shipping portfolios to the decarbonization trajectories and the goals set by the IMO. Ultimately, we wish to see a carbon-neutral and decarbonized maritime sector.

The Poseidon Principles for Marine Insurance are particularly interesting for Signatory / Affiliate members marine insurers as we see the Principles as an opportunity to work with our clients to initiate conversations which lead the transition to a greener industry. We will open a dialogue with you so that we can come up with solutions together. Having these conversations allow for everyone to distinguish between efficient and inefficient vessels and activities in order to make the most secure and environmentally conscious decisions in marine insurance.

ANNEX – UNDERSTANDING THE PROCESS OF SOURCING DATA FOR SIGNATORIES TO SUPPORT THEM AS AFFILIATE MEMBERS

Sourcing the data

To ease global adoption and implementation, the Poseidon Principles for Marine Insurance are based on information already prepared and submitted under the IMO Data Collection System (DCS). To see the IMO regulation document, click [here](#).

What is the IMO DCS?

The IMO Data Collection System, or DCS, was adopted by resolution MEPC.278(70), which entered into force on 1 March 2018. This regulation requires shipowners to collect and report per calendar year for ships which are 5,000 gross tonnage and above engaged in international trade:

- 1) The amount of fuel consumption for each type of fuel in metric tonnes,
- 2) Distance travelled,
- 3) Hours underway, and
- 4) Technical characteristics of the ship including design deadweight.

Clients will not be required to perform any calculations, but simply to share information already collected for the purposes of the IMO.