Marine Insurance Issues Seminar 2021
Unmasking Marine Insurance
The 2020 Crisis of Containers Lost at Sea

Why? ... and Who is Responsible...??

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Containers falling off Ships while at Sea

Why? ... and Who is Responsible...??
Summary of Containers Lost at Sea

- Catastrophic Loss
- Other Loss
- Total Loss
Lost at Sea
Containers falling overboard rose to 7-year high in 2020

Containers lost

6,000 Boxes

World Shipping Council, Bloomberg estimates of 2020 and 2021
After analyzing "230 claims filed between 2015 and 2019 with at least $5,000 in value, found that “the average container vessel cargo claim was $52,000 over the past five years”.

Further, while “the most frequent types of claims were for wet or temperature damage the report shows that containers lost overboard, while accounting as cause for only four percent of all claims, they in fact represented over 10 percent of the costs” ... i.e. bringing the average container overboard value to about $133,000
Contaminated Coast Lines from Cargo carried in Lost Overboard Containers
Containership Generations
The Trans-Pacific Route
Gard: “… following extensive research on this subject, it has been recognized that containerships are sensitive to certain ship motions and hydrodynamic effects, such as:

• **Excessive Rolling**, i.e. **beyond the design criteria**
• **Slamming** (bow and stern)
• **Hydro Elastic Effects** (springing and whipping)”
What is Excessive / Parametric Rolling?

**Parametric Rolling** describes a large rolling motion of a sudden violent nature due to loss of stability during the passage of a wave followed by an equally sudden violent recovery of stability as a result of a combination of wave length, vessel speed, course and vessel design.

**Post Panamax Class Containerships** with large bow flares are particular prone to parametric rolling.

In 2007 this phenomenon forced the **IMO to issue their Circular 1228**, providing Masters with operational guidance how to avoid such dangerous situations.
The Results of Slamming
“Is vessel size a factor in collapsed container stacks?”

“The Loadstar - January 21, 2021
“Carriers Face Pressure for Load Restrictions after latest Container Loss in Pacific”

Journal of Ocean Engineering and Technology:
“… due to the risks associated with dynamic stability on container vessels, including parametric rolling, NEW containerships were likely to feature reduced onboard cargo volumes in comparison to existing ships.

Further the authors added, that there was “a great possibility that existing ships will be forced to decrease their onboard cargo volume or operating speed”
Bloomberg News February 17, 2021 Headline:

“Cargo Boom Fuels 10-Billion-Spree for New Containerships”.

“Since early October, orders for new container ships have increased by 115, with new container capacity of more than 1.1 million 20-foot equivalent units, or TEUs.”

- 1.1 Million TEU / 115 container ship orders < below 10,000 TEU per ship
- Are Carriers and Shipyards going back to the 6th Generation Class?
China State Shipbuilding Discloses $1.5 Billion Newbuild Order for 13 Big Containerships.

Carrier’s decision as to the ordered ship size:

…”Each ship will measure 366-meters long and 51-meters wide”…

The “Panama Canal is able to handle vessels with overall length of 366 m (1201 feet), 49 meters beam (increased by the Canal Authority effective 1 June 2018 to 51.25 meters”).
“Containerships wanted: Carriers ‘Scraping the Barrel’ for tonnage”

• “... carriers keen to use all available tonnage for revenue-generating services, or for the evil necessity of empty box repositioning”

• “We would normally want to send out one of our guys to inspect the ship and talk to the master, but that has all gone out of the window as, if we don’t commit immediately, another carrier will take it off our toes.”

• And lastly …

“We are even chartering ships we have had problems with in the past …,”
$\text{The TEU Tonnage Gold Rush Atmosphere}\$
Questions