

## The American Club remains mindful of responsible underwriting and sustainable growth

*In the ever changing environment of shipping, the American Club has achieved to stay on top of the developments maintaining its ability for stable quality growth and personalized and efficiency service.*

*In the interview that follows Elina Souli Regional Business Development Director V.P- FD&D Manager of The American Club, describes the strategy of the Club to serve the members' needs through synergies with the establishment of Eagle Ocean Marine and American Hellenic Hull and explains the Club's principles of corporate social responsibility in conjunction with its strategy of sustainability.*



Elina Souli Regional Business Development Director V.P- FD&D Manager of The American Club

services offered to the shipping market.

At the American Club, we were very quick in adjusting to the new virtual working environment. We successfully managed to maximize our resources in order to get organized swiftly to lockdown requirements and maintain the high level of service our Members expect and are accustomed to, while ensuring a cyber safe operational environment. Indeed, while most of our processes were already digital, the lockdown forced us to accelerate digitalization of certain aspects of our transactions that were scheduled for later in the year. We did this quickly and successfully. We immediately implemented systematic and virtual meetings across all offices and departments.

We also focused on even greater use of social media platforms, which enabled us to add more value to the industry by delivering various projects on the loss prevention front. Many were of particular relevance to the COVID 19 era, such as organizing webinars with focus on claims impacted by COVID 19 and on maritime cyber security.

**- Describe the range of your company's H&M - P&I insurance services. Have you developed innovative insurance facilities and terms that your competitors are not able to match?**

- The main cover provided by the American P&I Club focuses on insuring shipowners, operators and charterers against third-party liabilities that are likely to be encountered in the commercial operation of the entered vessels. P&I cover aims to respond to a wide scope of liabilities such as liability to crew and passengers for death, illness or injury; liability to cargo interests for loss or damage; exposure for liability vis- a- vis fines and associated expenses relating to accidental discharge of oil resulting to pollution; liability for damage

**- Do you agree that the Covid-19 pandemic has put digitalization on the fast track in the marine insurance sector?**

- Following the outbreak of COVID 19 and the extended period of lockdowns around the world, the majority of stakeholders in the shipping industry had to adjust their operations to a new reality and focus on performing their day to day tasks remotely, relying entirely on the use of IT systems. Hence, the marine insurance sector had to quickly adapt in order to ensure that its daily operational needs would be met without significant interruptions and to maintain a high quality of the respective

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to property and liability for damage to another vessel arising out of a collision to name a few. The main concept of the foundation is to cover the ship owner's liabilities to third parties and does not include cover for a shipowner's own damages such as the damage caused to his own ship as a result of a collision, or breakdown, which would fall into the ship's Hull and Machinery cover.

In addition to P&I for ship operators, the Club also offers FD&D insurance, which provides Members with cover for claims handling assistance and for legal costs in relation to a wide range of disputes that could arise from the building, buying, selling, owning or operation of an entered vessel.

As the American Club is strongly dedicated to providing a high level of expertise in service, we always seek to understand the shipowners' ever-evolving needs across all segments and to that effect the American Club introduced Eagle Ocean Marine back in 2011, as an alternative fixed P&I facility, in conjunction with underwriters from Lloyds, in an effort to fill the gap for a pedigree fixed premium option for operators of smaller vessels in local and regional trades. These operators do not require the billion-dollar level of the IG Pool system, and the nature of their business requires a fixed premium approach for their P&I needs while not compromising high quality service.

Today, this facility provides cover for this special smaller trading tonnage with limits from the minimum that might be needed of 10

million USD up to 500 million USD worth of cover.

Besides taking the traditional covers and creating an alternative for smaller operators through EOM, the Club diversified into the Hull and Machinery sector by way of investment in American Hellenic Hull Insurance Company Ltd., back in 2016. American Hellenic Hull is a private commercial marine insurance company, which covers Hull and Machinery risks and is 100% wholly owned by the American P&I Club. The company is registered in Limassol, Cyprus and has also the benefit of affiliated offices of the American Club's Managers, Shipowner's Claims Bureau Inc. in New York, Houston, London, Shanghai and Hong Kong. Its operations commenced on 1st July 2016. American Hellenic Hull

is the first marine insurance company licensed in Cyprus under the Solvency II regime

requirements. This latest expansion of product lines is significant for the American Club as it effectively enables us to provide highly synergistic hull and machinery solutions to the global shipping industry motivated by the same levels of customer care while we are capable of differentiating ourselves by offering a bespoke service to our clients.

**- Do you agree that the increasing need for greener and sustainable shipping operations will lead to the rise of premiums and complexity of risks in the years to come?**

- The very nature of P&I insurance was meant to respond to complex and constantly evolving risks since its inception dating back to the 19th century. While part of this evolution includes adaptation to new parameters relating to the need for a greener and sustainable shipping industry, there is no indication so far that these factors would potentially result in a spike of premiums. Indeed, a rise of premiums is



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usually triggered following poor performance and in the current environment it is more likely than not, that sustainability principles will have a positive impact on ship operators' potential exposure to third party liability claims. After all, embedded in the concept of sustainable shipping is the reduction of risk and prevention of loss.

*- Over the recent past years the H&M and P&I market have experienced considerable turbulence. What is your company's business model for achieving steady growth and sustained profitability in a world of continuing uncertainty?*

- It is indeed true that it is challenging to stay on top of the developments in the everchanging environment of shipping but for us, our model has been specific and clear for some time now: Stable quality growth, in order to ensure financial strength, while maintaining our ability to always meet our members' needs in an efficient manner. The last decade has experienced a genuine erosion of P&I rates reaching what could be seen as unsustainable levels in the market. The American Club actually remains mindful of responsible underwriting parameters with sustainability always driving the course. This can effectively result in a possible missed opportunity to increase tonnage quickly but the mindset of the Club has always been based on an intimate duty that the managers have to its membership to ensure a secure future for the Club based on disciplined and consistent

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underwriting at levels that best reflect the respective risks.

*- Are you involved in synergies and other cooperative actions to increase your market share?*

- As demonstrated already over the recent years the American Club and its Managers have always taken a dynamic approach, both through ideas as well as through synergies in order to ensure that they are at all times able to meet the constantly evolving needs of the shipping market, while maintaining their high level of service. Our imminent priority is to be able at all times to provide a personalized and efficient service in everything we do. We are proud of our initiatives to stay ahead of the market by finding ways to serve our members' needs while creating openings for growth. Historically this has been proven through the establishments of Eagle Ocean Marine and American Hellenic Hull, which have both been making steady progress and continue to perform conspicuously well.

*- Are you involved in CSR (Corporate Social Responsibility) activities and what are your future plans?*

- Principles of corporate social responsibility and sustainability have always been embedded in the core purpose of the Club as well as in all its operational, departmental and strategy procedures. This is enhanced by the Club's role within the context of the International Group framework, and part of a recent initiative for contributing

to creating industry awareness as to how these principles are integrated into strategy, operation, and vision.

Our Loss Prevention focuses on enforcing high standards on the entered vessels based on pre-entry surveys and best practices and this, in conjunction with strict underwriting guidelines, raises the quality of ships insured, which, as a consequence of serving global trade, effectively makes the oceans and ports safer. The Club, through the improvement of its own fleet, enhances the global fleet, while the improved performance results in reduction of liabilities and ensures sustainability of the industry and of the Club itself. Moreover, loss prevention programs focus on knowledge sharing initiatives and facilitates close synergies with other industry stakeholders in order to formulate guidelines on emerging risks, such as cyber security, which create awareness across its membership and the industry at large.

The American Club has also demonstrated a dedicated social engagement in the community by contributing to those in need. During the peak of the Greek financial crisis, the Club used its Posidonia Reception as a platform for a Charity Challenge that aimed at feeding 100 needy families for two years, as well as supporting children with special needs by way of donating funds to three charities chosen by the Club's Charity Working Group comprised of three Board Director and one representative of the Managers. During covid lockdown, the Piraeus office of the Managers also conducted a charity initiative aimed at assisting those greatly affected by the covid crisis. Such actions truly reflect on the commitment to community which is a cause closely connected with the American Club's CSR and overall sustainability strategy. CSR is an integral part of the concept of sustainability. The Club has always maintained a strategy of sustainability, through incorporation of Environment, Social and Governance (ESG) driven principles into its operations and purpose. This has proven to be an important key to the Club's 103 years of existence and will continue to be key to its 104th and beyond.