

Annual Review 2019

# SHORELINE'S YEAR IN BRIEF

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**Captain Thomas Brown**  
Shoreline CEO

**SHORELINE**

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## Welcome from Shoreline's CEO Captain Thomas Brown

As we move into 2020 we pause momentarily to look back on what has been an interesting and sometimes difficult year for shipowners and their insurers. With tighter controls placed upon vessel emissions, trade wars and increased global sanctions to carefully navigate, geopolitical instability, increased security and cyber threats to contend with, it's safe to say that 2019 was not all plain sailing. Unfortunately, 2020 shows no signs of easing the pressure on shipowners as the current Coronavirus pandemic threatens to disrupt global trade.

Shoreline sympathizes with the pressures faced by their shipowner clients and continues to look for ways in which to add valuable risk transfer solutions to the evolving threats to shipping in the 21st century.

This brief review provides Shoreline's clients with valuable information on the new products we have recently launched and outlines important changes that have had to be made, to maintain the sustainability and continued delivery of our core products from our base in Bermuda, in the face of political and market pressures.

For me personally, it has been an interesting first 18 months at the helm but I wouldn't have it any other way.

I hope you find our brief update to be helpful and informative and we always appreciate any feedback you may have on this and any other matters relating to Shoreline's products and services.

For now we wish you safe sailing into 2020.

Yours faithfully,



**Captain Thomas Brown**  
Shoreline CEO

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## COFR Solutions

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Shoreline's 2020 COFR reinsurance renewal discussions coincided with an ever hardening marine insurance and reinsurance market. As a precursor to the 2020 COFR reinsurance renewal, the COFR market lost one of its US based COFR providers, WQIS, who stepped down from the blue water COFR space as of 1st December 2019. Fortunately, Shoreline was well placed to assist with the continuity of cover for the expiring WQIS COFR portfolio. This arrangement has proven to be beneficial to WQIS's clients and has enhanced Shoreline's position as one of the principle US OPA COFR providers in the market today.

MISL's COFR reinsurance renewal was hard fought as Lloyd's drive for profitability forced much of the capacity that had been previously available to MISL out of the market.

With less capacity comes the hardening of rates and closer scrutiny on underwriting practice. In an effort to treat its clients fairly, Shoreline is committed to assess each account as it renews on its own merits and will seek to achieve premium corrections only where needed.



## Passenger Solutions

As we near the completion of this year's renewal of our client's War Blue Card Insurance we thought we should take time to reflect on what has been an eventful last 12 months for Shoreline and its clients.

The 2019/20 underwriting year was a year when political and regulatory events have shaped global insurance conduct, perhaps more so than ever before.

The UK's decision to leave the EU forced Lloyd's of London to re-think how coverholders, like Shoreline, would continue to engage with the Lloyd's market and place EU risk.

Operating outside of the EU, Shoreline was detached from the newly established 'Lloyd's Brussels' and could no longer provide its much needed War Blue Card Insurance via its existing Lloyd's of London coverholder platform.

Foreseeing this barrier to EU business, Shoreline secured in principle regulatory approval from the Maltese financial regulator in Q4 2019. Unfortunately, the approval came too late and when coupled with the additional costs of doing business in Malta this new route to market was deemed to be financially unviable.

Fortunately Shoreline had a contingency plan; license approval was sought from and granted by the Bermuda Monetary Authority to place Athens War Blue Card Insurance into Maritime Insurance Solutions Ltd (MISL). Shoreline as the exclusive agent, acting for and on behalf of MISL, could thereby retain control of its PLR War Blue Card Insurance from its HQ in Bermuda. MISL is reinsured by first class, A rated, London market capacity similar to that which had previously supported its Lloyd's cover.

Once again global politics had a hand in shaping the marine war insurance market. Acts of aggression between Iran and the US in the Persian Gulf are well publicized and have placed the whole of the Middle East on a war like footing. Many of Shoreline's Cruise Ship clients have been caught in the crosshairs of this international brinkmanship, having planned current cruise itineraries to the Gulf region many months if not years in advance.

Consequently at this year's Athens War Blue Card reinsurance renewal a tightening of capacity has forced a general increase in rates across the portfolio whilst additional premiums were sought from those operators undertaking cruises to the Gulf region in the 2020 underwriting year of account.

Shoreline is most grateful for the understanding of their cruise operator clients and their respective P&I Clubs at this difficult time.

Having secured reinsurance capacity for its two lines of core business for another year, attention turned to new product diversification and an exciting year ahead.

## Cyber and Security Solutions

Shoreline can provide early notice of the launch of two new marine insurance products in 2020 namely; Marine Cyber Insurance and Marine Crisis Response Insurance.

# New Product Developments for 2020

### Marine Cyber Insurance

As we enter 2020 there are only two types of shipping company; those that have been hacked and those that will be. News feeds continue to be littered with stories of shipping companies falling prey to ever more sophisticated cyber criminals.

Shoreline has been in the cyber insurance space for the last 18 months with its first to market, Integrated Crime Cyber Insurance and has learnt much from discussions with clients and capacity providers alike. Lessons have been learnt and the MISL restructuring has provided the opportunity to repurpose Shoreline's existing cyber cover as a SME insurance product for shipowners and operators with annual revenues of up to USD250M. Client feedback was invaluable in repositioning the cover. Shoreline now has control over pricing and service with the ability to bind cyber limits up to \$5m and cybercrime limits up to \$250k. The new cover is flexible and can be tailored to the individual needs of the shipowner. Cyber Hull Insurance is not currently offered as a standalone product but can be considered as an extension to this cover.

### Marine Crisis Response Insurance

Shoreline in partnership with Hiscox and Control Risks who provide the reinsurance capacity and expert crisis management response respectively, can announce the launch of Marine Crisis Response Insurance (CRI).

In an ever more volatile and dangerous world, increasing criminal and political risk can adversely impact upon the ship operation and the mental and physical wellbeing of its crew.

If one of Shoreline's client vessels was involved in a serious security incident – whether related to criminal activity, political risk or terrorism – with CRI in place, Control Risks' world-leading team will deploy to ensure the insured shipowner has expert global response capabilities on hand to deal with the problem efficiently and effectively, to minimise business disruption, mitigate any negative impact to the balance sheet, protect the company's reputation, manage regulatory compliance whilst safeguarding the safety and wellbeing of the ship's crew. All for a premium cost per vessel which is typically less than an owner's P&I deductible.

Shoreline is most pleased to have secured below market rates for this valuable new cover which is now available to its shipowner clients.



## Finally a note on International Carrier Bonds (ICBs)

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On a final note as we head into 2020 we should make passing reference to Shoreline's continuing ability to arrange International Carrier Bonds (ICBs) for their clients when trading to the US. This has proven to be a valuable service and allows shipowners to keep sometimes large financial bonds off balance sheet for a nominal arrangement fee.

Please do not hesitate to contact any member of the Shoreline underwriting team should you have any questions relating to our insurance products and services.

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