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North

CORRESPONDENTS NEWSLETTER

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JULY 2018

WELCOME TO NORTH'S CORRESPONDENTS NEWSLETTER

The Newsletter will be circulated to our correspondents on a biannual basis. North greatly values the relationship we have with our correspondents and we welcome your comments and suggestions going forward, particularly in response to those items requesting your feedback/response.

We would like to introduce you to our Correspondent Expertise Team here at North and we look forward to engaging with you as and when you visit North and responding to your comments and suggestions.

North's Correspondents Expertise Team

From left to right: Abbie Rudd, Neil Watson, Nick Tonge & Adele Lathan.





CYBER CRIME

Business email compromise attacks are on the increase and the maritime industry is not immune to such cyber risk.

Over the past decade, advances in communications technology and the extent to which our society is now information-based have converged as never before. This has given rise to the rapid evolution of a type of crime where the commodity—personal information—moves far too quickly for conventional law enforcement methods to keep pace.

Internet security does not just have an impact on government, big business and law enforcers. It is an increasingly important concern for the everyday personal technology user, especially with the obligations and responsibilities placed on you as correspondents and North, to protect personal information.

We are all too aware of the dangers of responding to e-mails promising wealth, but the criminals are becoming more sophisticated in seeking to deceive people with the use of what can be a very cleverly disguised email address, joining into ongoing exchanges or using what appear to be genuine e-mails to trick you into opening an infected attachment or link. One of our correspondents was affected by such a scam in which there was a request to amend their bank details for future payments. The e-mail address was identical other than a single letter “e” was substituted for an “a” in the e-mail address. Thankfully, the correspondent was made aware of this and took steps to avoid matters escalating and have since upgraded their defenses against future attacks.

As our correspondent has done, it is important that companies must raise awareness among colleagues of such scams. However, from a technical viewpoint, there should not be reliance on a single defence mechanism (such as anti-malware) at a user or employee device level, instead, care should be given to implementing a segmented network with multiple lines of defence.

It is not only the soft skills for which awareness should be given. A Member recently reported that during a recent exercise to test their defences, the Member was compromised by being too polite to challenge the “IT Consultants” who were walking around their office, installing “updates” on their PC.

Consider a medieval castle, with a moat surrounding the castle wall. It is also necessary to patrol the wall, hence the deployment of multiple security controls on the perimeter of your IT network. As well as robust outer defences, it is important to ensure the basics, such as data management and protection; patching; and good hygiene (alerts for anonymous new users, changes in device performance, and regularly auditing passwords).

This may all sound a little paranoid, but in order to protect ourselves as individuals and businesses, it is simply naive to assume that all our systems are safe. If we have a healthy degree of paranoia when it comes to cyber security, we are collectively already heading to be more secure.

Our correspondent affected by the attack has learned a valuable lesson from their experience and they have kindly provided the following advice to other correspondents:

- 🐞 If in doubt, call.
- 🐞 Although speed is very important, caution is equally important. Do not be pressured to act if in doubt.
- 🐞 If something seems out of the ordinary, seek guidance.
- 🐞 Be suspicious of public email addresses.
- 🐞 Always call to verify any changes in bank account details.
- 🐞 Be always vigilant of the identity of the email sender and those in copy.

If there is any doubt when communicating between parties by email, check the email address with in-house records and create a new email (do not simply Reply) or better still, pick up the phone and call to discuss the issue with a person known to you at that company, especially when being asked to change bank details.

No one can sit back and relax when it comes to technical security and we are trying to encourage all our partners to adopt cyber risk best practices. North has written a number of articles on this point and provided some practical advice on our website

www.nepia.com/insights/cyber-security

THINKING OUTSIDE THE BOX

To **ENABLE** our
MEMBERS to **TRADE**
with **CONFIDENCE**.

The claims environment can be a volatile area to work within and you as our correspondents play a vital role in not only dealing with claims, but to provide the highest quality of service that our Members have come to expect. This enables our Members to trade with confidence in every corner of the world and is a true testament to the ongoing relationship between North and our Correspondents.

The Club has internally developed a comprehensive range of resources for our staff, with emphasis on in-house skills, expertise and effective claims management, resulting in the optimum outcome for our Members. As part of this throughout 2017 the Club undertook a series of interviews with some of our correspondents and other service providers from throughout the world. This has enabled us to put together some useful guidelines, with a focus on establishing a clear effective strategy and budget for claims, which we discuss in a little more detail elsewhere in this edition of the Newsletter.

As part of this review, it is clear that effective management of not only the claim itself but the relationships with all of our service providers is fundamental to good claims handling. Whilst the Club

has identified areas of improvement to continue providing the highest quality of cost-effective service, we understand that our correspondents may also have valuable input and ideas on how this can be achieved and/or improved upon.

We would therefore invite you as our correspondents to put forward any suggestions you may have to allow us improve on managing our relationships with you and also the management of claims. It may not be possible or appropriate to implement all suggestions, but we will look at each one and give it proper consideration and share these in future editions of the Newsletter.

Any suggestions in this respect can be sent to Neil Watson
neil.watson@nepia.com

MANDATORY SANCTIONS SCREENING

The assistance which correspondents provide in putting up Club security is a key and much-appreciated element of the service which you provide to North/its Members. In order to assist in ensuring that North continues to comply with its regulatory obligations (particularly those concerning the various international sanctions regimes which are now in operation), could we please ask you to bear the following in mind when dealing with claimants/their lawyers when negotiating security?

In most instances, before North can agree to put security in place (or can confirm your authority to put security in place on North's behalf), we need to check that the parties named as beneficiaries

in the security are not subject to any form of international sanction. We would therefore request you to try to ensure that each party is individually identified, rather than using terms such as "cargo interests", "receivers" etc. This will enable the Claims Executive dealing with the security at North to carry out appropriate screening/checks. We appreciate that each situation will have its own set of circumstance/dynamic which we may have to work around together, but your assistance in this respect would be greatly appreciated.

P&I QUALIFICATION

A qualification for the P&I industry produced by the International Group

First launched in 2010, the P&I Qualification (P&IQ) programme was designed to provide high quality, targeted training in all aspects of P&I for those working in the Clubs. Since the programme launched over 1,300 examinations have been taken. Due to the success of the course, at the IG P&I Conference in London last year, it was announced that this would be opened up to the Clubs' listed correspondents.

Since its launch to the Correspondents in October 2017 there have been more than 250 students enrolled on the course from listed Correspondents from all corners of the world, from the experienced P&I stalwarts to the new up and coming correspondents of the future. Of this figure there are almost 100 students who are registered to sit their first module in May.

The P&IQ programme consists of seven modules covering the following topics:

- The Shipping Business
- P&I Insurance History, Operation and Practice
- Underwriting, Loss Prevention and Claims Handling
- People Risks
- Cargo Risks
- Collision, FFO & Pollution
- Towage, Salvage, General Average & Wreck Removal

The P&IQ is a structured programme of education, starting with Modules 1, 2 and 3 which provide an overview of P&I in general, including the structure of the shipping industry, the history and operation of the Clubs and the different types of liabilities insured. Once these Modules have been

completed students can then take the more advanced Modules 4, 5, 6 & 7, which look into the heads of claim in more detail. Once these Modules have been completed, it will allow students access to the P&IQ Advanced Diploma. This is the highest level of qualification which brings together all that the student has learnt into a practical real life scenario based test.

The knowledge gained will be both academic and practical, allowing candidates to be acknowledged by their peers, managers, future employers, business partners, clients and customers.

The P&IQ website also provides a detailed overview of the P&IQ programme including syllabi, structure of the programmes and exams along with the dates of the exams. This can be accessed at www.pandiq.com

SOME QUOTES FROM PEOPLE WHO HAVE COMPLETED AND HAVE REGISTERED ON THE COURSE.

I have you found it very beneficial to my role in the claims department.

It has given me a better understanding of the structure of P&I clubs, in particular how each department is related to one another.

The study material is a good source of information which I now still refer to occasionally.

P&I Club

For myself, although having worked as P&I correspondent for 14 years now, I find the study very rewarding and helpful. The study material is very clearly structured and plainly versed so that it is very easy to read and understand. It provides a comprehensive overview of the industry and meantime gives useful links for readers to find further details. I only wish that I were able to have earlier access to P&I Q. Generally I think P&I Q is a very useful tool to educate the industry and help with efficient staff training. Especially it gives young colleagues a very clear path of continuous self-learning and improvement.

Correspondent

The P&IQ course has enabled me to gain a broader perspective of the issues that a Club has to deal with across the business. In turn I am sure this has assisted me in doing my own job in the P&I claims department better. It is also a useful resource which one can refer to from time to time and helpful when involved in the mentoring of new starters.

P&I Club

COSTED

Hopefully by now all of our correspondents have received North's "Day to Day Case Handling Guidance for Service Partners". The document can be accessed here:

www.nepia.com/media/927616/Costed-Menu.pdf

The vast majority of P&I cases never reach court or arbitration hearings - they are settled following detailed analysis by both the claims handler and correspondent involved. With this in mind, we have altered our approach to budgeting so that we focus on the next six months of a case.

Correspondents are asked to consider the following upon receipt of instructions:

- The strategic aims for the next six months?
- What work is needed in the next six months to achieve the strategic aims?
- What additional work may be necessary (ie: due to the strategy of opponents or new information emerging during the investigation of the claim)?

Once the budget is in place, the true test of its success will be in the effectiveness of its joint monitoring by our correspondents in conjunction with the claims handler. The budget may normally only need to be a few lines summarising the potential anticipated costs and anything more detailed may only be necessary for the more complex of disputes.

Knowing how much it will cost to follow a particular course of action will assist in forming a clear strategy. With this in mind, our new approach envisages that all our service partners will provide budgets for all matters where they are instructed and that one of the questions to be asked when preparing and reviewing a budget will be "if it is not the right time to discuss settlement, when will it be?"

The early indications are that there has been a positive take-up of the new approach to budgeting. Initial feedback suggests that service partners prefer budgeting for the next six month period as against the case as a whole - it is less time consuming and the budget is more meaningful. We have also had comments that the budget is a useful tool in focussing

attention on the direction of a case. All of this is very positive going forwards, but it is important that we do not become complacent.

So, it's a big THANK YOU from us and we look forward to working with you all on future budgets!

WORKING WITH NORTH
DAY TO DAY CASE HANDLING
GUIDANCE FOR SERVICE PARTNERS

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North values its long term relationships with our service partners and we believe you have a key role in assisting us achieve our aim of **providing the highest quality of cost-effective service.**

These Guidelines have been prepared to help to explain how North asks service partners to collaborate with us in a mutually beneficial partnership when instructed by North or our Members.

INSTRUCTIONS On receiving instructions we ask that you: <ul style="list-style-type: none">• Clarify the instructions and seek clarification if anything is incomplete or unclear.• Identify the person with overall responsibility, the person who is to be the primary point of contact with North and the team that will work on the instructions. Multiple contacts for the day-to-day handling of cases are to be avoided so far as possible. North will ensure we provide clear instructions to enable service partners to give accurate budgets. To assist in the agreeing of a budget, the following should be considered: <ul style="list-style-type: none">• What are the strategic aims for the next 6 months?• What work is needed in the next 6 months to achieve the strategic aim?• What additional work may be necessary (ie: due to strategy of opponents)?	BUDGETING Service partners will receive requests from North claims handlers to provide budgets for the next 6 months work. Our focus is on identifying a clear strategy and/or objective, with the six month budgeting review providing opportunity to consider this strategy - e.g. if it is not the right time to discuss settlement, when will it be? What is the cost benefit of work being carried out? It is recognised that budgeting is not possible in all situations. For example Budgeting may not be appropriate in the immediate aftermath of a casualty, where the current approach of an agreed daily rate or lead fee will probably be preferred. There may be other situations where budgeting is not possible and these should be considered on a case by case basis.	MONITORING Once a budget has been agreed and is in place the aim is that it is jointly monitored by North and you. Reasonable time spent preparing and monitoring the budget is chargeable. Success will depend on North giving quality instructions, you providing a quality agreed budget and the quality of the joint monitoring. We hope that our relationship with service partners will develop and strengthen on a case-by-case basis.
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UPDATE CONTACT INFORMATION



Please remember to check your contact details on our website on a regular basis and advise

Nick Tonge:
nick.tonge@nepia.com
or **Neil Watson:**
neil.watson@nepia.com
of any changes.

GENERAL DATA PROTECTION REGULATION (GDPR)

The General Data Protection regulation (GDPR) came into force on the 25th May 2018. North Group has provided guidance on the GDPR on its website and you are encouraged to re-visit the publications issued as necessary.

www.nepia.com/news/circulars/implementation-of-the-eu-general-data-protection-regulation-2016679---general-guidance-to-members/

www.nepia.com/news/circulars/gdpr-and-crew-management/
www.nepia.com/insights/gdpr/
However, if you are unsure of your rights or obligations under GDPR, you should seek independent legal advice.

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