Oslo, 04. October 2018

Digital quantum leap for war risks insurance of ships

New technology being introduced by the Norwegian Shipowners’ Mutual War Risks Insurance Association (DNK) will simplify and safeguard daily operations for the owners of 2 700 ships.

The innovation concerns a digital tracking system which sends encrypted signals about a ship’s position directly to the DNK’s insurance system virtually in real time.

This “internet of things” (IoT) solution is the first of its kind in the world, and has been developed through a collaboration between the DNK and Britain’s Clearwater Tracking.

Set to simplify reporting of ships which enter and leave hazardous areas covered by war risks insurance, it also lays the basis for introducing other digital solutions on Norwegian ships.

Assets of USD 224 billion

The DNK insures some USD 224 billion in assets and is the world leader in war risks insurance. Some 470 shipping companies are covered by the association against possible damage resulting from war, terrorism, piracy and cyber attacks.

A strong commitment to damage prevention through intelligence-gathering and other security measures has been made by the DNK over many years, and the new system strengthens this capacity.

“The insurance business is witnessing rapid technological progress characterised by digitalisation and the interconnection of systems,” says DNK chief executive Svein Ringbakken.

“Our ambition in the DNK is to be among the leaders of this development within marine insurance. The digital tracking system being offered to shipowners has been chosen primarily because it automates time-consuming processes on the insurance side.

“However, it’s also important that our member companies get the opportunity to use the information in their own operations and that other sensors can be tied in.”

Greater precision and security

Until now, reporting when a ship enters or leaves an area with a risk of war, terrorism or piracy has depended on manual routines. Each shipowner has been responsible for such reports and has been able to use the DNK’s web-based tool for this.

Reporting with the new technology occurs automatically to the Paris insurance system delivered by Norway’s Noria company. That liberates the shipowner from much administrative work related to its insurance cover.

The processes thereby become more efficient, and companies avoid errors or failing to file reports which are crucial for the scope and validity of their insurance.
This new solution also helps to improve security for crew, ship and cargo because it is connected with other systems and offers unrivalled properties and qualities compared with the traditional use of such technology.

**Environmental benefits**

In addition, the system could supply data which specify a ship’s position very precisely in different waters. The DNK’s member companies can utilise such information to optimise their own operations, potentially reducing bunkers consumption, cutting costs and benefiting the environment through lower emissions.

Clearwater and the DNK have collaborated to develop the system over the past two years, leveraging market-leading industrial Internet of Things (IoT) solution technology provided by ORBCOMM Inc. (Nasdaq: ORBC). ORBCOMM delivers the modem, packaged hardware, Cloud-based device management as well as satellite connectivity service to support this comprehensive solution.

“This has been a very inspiring collaboration,” says William Unwin, CEO of Clearwater. “We’ve jointly developed a solution which shows how digitalisation can help to improve quality and efficiency in the interaction between shipowners and the DNK.”

“ORBCOMM has had a long-time partnership with Clearwater built around our satellite Automatic Identification System or AIS service,” says Marc Eisenberg, Chief Executive Officer of ORBCOMM. “We look forward to expanding our relationship with Clearwater by providing best-in-class IoT technology and services to support this unique strategic initiative with DNK for war-risk insurance, which opens up a new, growing market in the maritime industry.”

The necessary equipment is currently being dispatched to the individual ships, and should be installed in all 2 700 vessels by the end of 2018.

Veracity, DNV GL’s digital platform will be used for cost efficient deployment and access to this new solution.

“We are thrilled to work with DNK and Clearwater on deploying the digital solution to all the ship owners and operators from [www.veracity.com](http://www.veracity.com) We are also glad that Veracity will be the trusted eco-system for secure access to, and sharing of data,” says Bjørn Tore Markussen, Head of Veracity by DNV GL.

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