

## **CHAIRMANS ADDRESS – OCTOBER 2006; “WHERE DO WE GO FROM HERE?”**

It is for me without doubt a distinct honour and a privilege to address you here today as Chairman of your Association and on behalf of the Association I am pleased to extend a warm welcome to our distinguished visitors: -

NIGEL ROGERS – CHAIRMAN OF THE UK ASSOCIATION  
TAKESHI OKADA – CHAIRMAN OF THE JAPANESE ASSOCIATION  
CLAUDIO VERCONICH – CHAIRMAN OF THE CANADIAN ASSOCIATION  
JOHN LILLIE – CEO BMT SALVAGE

LIZ BURRELL – Current President of the MLA sends her apologies but was unable to be here today due to this weeks annual MLA activities taking place this particular year in San Francisco.

Before I move on to the nuts and bolts of my address I would like to first of all and most importantly thank the Executive Committees for their assistance and for the opportunity and privilege of becoming Chairman, Eileen Fellen, Association Secretary for her guidance and to Liz Arnold, Dinner Chairman for her support despite my defection.

And I would firstly like to briefly update you on my activities as Chairman this year.

Very early in my tenure in October 2005 I received a kind invitation to attend the AIDE meeting in Italy but was unfortunately unable to attend at short notice due mainly to my own change in circumstances; The timing was unfortunate especially seeing as the meeting was held in Tuscany and an invitation I very much appreciated; however in spite of missing out on this first opportunity to represent the Association a fairly active year followed thereafter.

In May of this year, I attended the UK Association annual meeting at the kind invitation of the UK Chairman Nigel who we congratulate upon his re-election for his second year. The annual meeting was held in the Lloyd's building to a packed room at which Nigel presented a very interesting address on Ship Builders Liability. Nigel's paper is posted on our website and if that address hasn't put Underwriters off coverage for ship builder's liability I don't know what will but perhaps I underestimate the efforts of BMT Salvage.

During the London visit, my wife Christina and I had the great pleasure of attending the Chairman's dinner, enjoying the company of several old and now some new friends.

The annual dinner was held at its customary venue of the Savoy and being my first ever attendance, I had the great pleasure of witnessing some fine and very funny speeches and responses from the vantage point of the top table. This was quite an event to behold and a reminder, certainly to me as a "rookie" to the event, of the high regard and the very high standing that the UK Association commands.

Also in May our Association Spring Luncheon was held here in New York which attracted a modestly sized, lively but largely well behaved crowd including past Chairmen. Unfortunately I have to announce that "modestly sized" may be a slight understatement and the general lack of commitment to the lunch has I believe, now led to its removal from the Associations calendar henceforth.

I regret that due to circumstances beyond my control I was unable to respond to the kind invitations I received from the MLA.

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“WHERE DO WE GO FROM HERE?”*

In June, after surviving the Posidonia and the general Athens experience for the first time, I attended the meeting of the Canadian Association in Halifax, Nova Scotia at the kind invitation of Canadian Chairman Maurice Gesner and had the opportunity to meet the incoming Chairman Claudio Verconich who is also here with us today. And Claudio, about the world cup – next time!

At the meeting itself it was recorded that one new Canadian candidate had sat the examination to become a full Member but would need to re-sit and we wish him (or her) well.

In 2005, the Association's Executive Committee began allocating funds for a Marine Insurance Award in memory of our members who died on September 11, 2001, which is offered annually to those King's Point and SUNY candidates who have the best grade in the respective marine insurance course, or who, in the opinion of their instructors, have indicated the keenest interest in the marine insurance field. The 2005 awards, of \$500.00 each, were given to Vladimir Durandin of Fort Schuyler and to King's Point graduate Dawn Ashley Ivancik from California, Maryland.

The 2006 awards unfortunately for me, clashed with the Canadian Association meeting; the awards of \$500 each, were presented to Jeffrey Cook, a graduate student at SUNY Maritime College, who is now looking to pursue a career in underwriting and to Nathan Robert McCrillis of King's Point, presented by the Associations Don Moore.

In the spring of this year three Senior Members and a Resident Associate prepared for presentation a course in hull and cargo loss adjusting, offered in conjunction with St. John's University. This was the first such course offered by a college in over a decade. Fifteen people attended the first class and it is sincerely hoped that there will be market support for future courses. There are plans currently being made for other courses relevant to the marine insurance community. It is a small start but very encouraging and thanks must go to Ray Miles, Jonathan Spencer, Tom Lynch and last but definitely not least to Richard Carney for their efforts and initiatives in an otherwise generally initiative-free environment.

But more on that later;

Before I move on, I must make mention of a recent event that in essence, all told, made the year a very sad one. It is really germane to my address and I feel it is entirely appropriate to mention it here on this platform - and that is the recent loss of our friend and colleague Bill Palmer.

He was a kind, gentle man, straight in his dealings with everyone and absolutely honest; a gentleman in every sense of the word.

Wherever and whatever the case, the bigger the better he never flinched. I know that all of you here from both sides of the Atlantic that worked with Bill, appreciated his wit and candor and his contribution to our industry and to all of us individually.

It is hoped that in Bills Memory due consideration can be given to an award for technical achievement along the lines of the awards presently made in recognition of aptitude in the marine insurance field.

After Bill passed away, the question was asked if we will ever see his like again; I suspect we won't and that leads me into my address;

When considering what the subject of my address would be, I came up with a few ideas but concluded that I should capitalize on having this opportunity to essentially sum up the state of our industry as I see it at present. The recent sad loss of Bill really just underpinned my thinking and it occurred to me that the stark reality that we may never see his like again is something that may just be reiterated in the years ahead.

The title of my address today takes the form of a question; it is actually “where *do* we go from here”? This should perhaps be prefaced by another question “where exactly are we now and how did we get here?”

Now by “we” I mean of course the collective professionals that make up the Underwriting and Legal professions and the Average Adjusting and Surveying professions, represented here today and their collective involvement in our day-to-day industry; and by extension to Classification, Regulatory Bodies and Owners who may or may not be represented here today but without whom we would obviously not have a function.

We can all speak to our own individual paths to the present; my father was a coal miner. When I was a young teenager and considering a career, my father took me to “the office” for a visit - just in case I was considering following in his footsteps. About a mile down in the ground we walked for a mile and later crawled for about another quarter mile out under the North Sea in a 4 foot high tunnel in absolute darkness save for our lamps; hands and knees in cold water and bumping into an assortment of whirling machinery along the way. Depending upon the shifts they worked, some of the men who worked there went to work in the dark and came home in the dark and could easily go for a week without seeing daylight.

Shortly after this very illuminating visit I decided that the Merchant Navy was about as far away from this career path as I could get.

The irony was not lost on me a few short years later when I found myself in the bowels of my 1<sup>st</sup> ship crawling along a 4 foot high tunnel with my hands and knees again in cold sea water, in the dark apart from a flashlight, bumping into bits of machinery – this time looking for a steam leak! Well, I found more than a steam leak and seemed to spend the next six months down there but over the next few years I never once questioned my decision – what a fantastic career it was then - for anyone!

Well all seafarers have a ‘last trip’ – brought on by some necessity in life to move ashore. In my case in 1989 it was the imminent arrival of my 3<sup>rd</sup> son. With two toddlers and – if you'll pardon the expression - the keel laid for the 3<sup>rd</sup> – six to eight month trips to sea, now under the Cyprus flag were beginning to lose their luster.

I could tell that what proved to be my last trip to sea was going to be interesting even before we left port; at our last loading port we were loading steel for Europe. Two days before we were scheduled to depart the Chief Officer asked me how much fuel we had used over the last two days because we had loaded 3,000 tons of cargo since Tuesday and our drafts hadn't changed.

*The last* thing we *actually* loaded however was in fact a 40-foot cage container of Bengal Tigers on top of No.4 hatch - bound for a circus in Europe, together with a second container full of frozen chickens for feeding time. The Burmese crew of the ship was terrified of these beasts; understandable really, *everyone* in Burma knows *someone* who was eaten by a tiger. Just to compound matters, the shipper, the Circus, had decided that to save money, only the tiger's feeder and not the trainer would accompany us on the trip. One day later on this young chap took one of the tiger cubs for a walk around the deck following which it decided it didn't want to go back in the cage and at which point he realized the cub had grown a bit. He did get it back in but the next time I saw him at dinner that night he was bandaged from head to foot.

Unbeknown to the tigers, the No.4 hold of our ship had been loaded previously with Copra, a cargo with a nasty habit of catching fire with the slightest of provocation.

We eventually got off the berth with tugs attached to about every bollard on the ship. No-one mentioned the drafts, which I thought was quite peculiar. Well all was well at sea for a few days until one night during the midnight till four watch when I was troubled at around 1 o'clock in the morning by a repetitive main engine alarm in my cabin, which I decided not to ignore and to investigate. Upon investigation I found that the Burmese 3<sup>rd</sup> engineer had taken issue with a cooling water leak; whilst dealing with said leak he was periodically stopping the main cooling water pump and was probably about 3 minutes away from destroying the main engine. "Tut tut" said I, or words to that effect, and informed him he was now on tiger feeding duty.

Towards the end of the voyage we were crossing the Bay of Biscay and ran into the sort of horrendous weather conditions that make you realize that sometimes it is all just – out - of - your - hands; after three sleepless nights going nowhere in this "perfect storm" we heard that a small German container ship ahead of us had lost the main engine and had gone down; I was now reflecting on a few facts:

- That my 18 year old ship, albeit strongly built on the River Tyne, might actually finally succumb to this treatment;
- That the cargo in No.3 hold was shifting, we were taking on a list and I might soon find myself fighting a Bengal Tiger for a life raft;
- That the tigers who were now sea-sick and very angry might break out in search of the other white meat; me.
- That the cargo of Copra was now predictably already smoldering nicely in the No.4 hold
- And finally and most importantly that the possibility still existed that my lunatic 3<sup>rd</sup> engineer might get the better of me if I fell asleep long enough and succeed in destroying the main engine and my career along with it;

Well, against the odds we made it into Rotterdam only 3 days late – which I didn't think was too bad; the tigers went to the circus, the feeder got proper medical attention ashore; the fire department put out the fire in No. 4 hold; we'd burned enough fuel for the Chief Officer not to get arrested for overloading the ship; I hadn't slept for 4 days but the 3<sup>rd</sup> engineer hadn't succeeded in destroying the main engine either - and - as a bonus, a container of wine concentrate shipped

on the fore-deck had fractured in the heavy weather, allowing the crew to collect a few buckets of this cloudy stuff and enable everyone to arrive in port suitably fortified;

Upon arrival the ship's Owners walked up the gangway and demanded to know why we were late! I went home – for good!

And the moral of this little story is? – Well first of all it's that things are usually never as bad as they seem. It is also however, and important to us, that sheer optimism may sometimes not be enough to get you through and if I may paraphrase Rudyard Kipling, who knows a thing or two about tigers himself;

“If you can keep your head while all around you are losing theirs and blaming it on you” – then perhaps you haven't grasped the situation.

But as my kids say “If you snooze you lose”. I didn't have to investigate the engine alarm but I did. After all according to the flag state of my vessel I had a suitably qualified engineer in the engine room. So I didn't snooze and I didn't lose and instead of appearing in the pages of what would no doubt have been an absolutely fascinating General Average adjustment here I am.

But once a seaman always a seaman and if I can juxtapose the situation, I worry that the Captains of our industry may - indeed - be asleep at the wheel, unaware of what course we are actually on if indeed we are on *any* consciously chosen course;

I get the feeling sometimes that we are perhaps just slow steaming waiting for orders.

We all here are dependent upon each other and the professional input of each – all different areas of expertise but nonetheless each a vital component of our industry. But do we take the time to actually reflect upon the collective state of our industry and where we are going; I think not.

Decline in certain areas of profit, albeit sometimes serious, has driven many individuals and companies in our industry to take a self-centred look at their world and concentrate on their escape route. The resulting lack of investment in people and training of individuals in the disciplines of our industry has become quite frankly, shocking and unacceptable.

There is at present more questions facing our industry than we have answers for. This is nothing new; solving problems has been key to driving development of industries forward over many years. The problem comes when we have no one willing to tackle those questions and that means young people entering our industry. Where do we go from here? Without the application that comes from engaging young minds ... nowhere.

I started my marine engineering education at the same time as a friend of mine who is now a Senior Lecturer at the college in the UK where we first began our training. When I recently raised the training issue, his overall assessment of the present situation and if it continues in its current guise is that the end of the “hands on” practical sea going marine engineer as we know him may well be in sight.

Aids from technology have undoubtedly been of great assistance but there has without doubt been a general “dumbing down” of society as a result of major advances in technology over the last couple of decades and that has extended in specific ways into various industries including our own. Hands up anyone here who has *not* used a spell checker and therefore stopped using that part of the brain that tries to spell difficult words such as “absentia”.

Over the past year I had the good fortune to be able to briefly discuss training and motivational issues with the UK Minister of Shipping and members of his department and also met with several Shipowners; I also had the opportunity to discuss the contrasting approach to training presented by the US, UK and Greek shipping industries with current trainees and recent graduates of their respective programs. There is no doubt that the level of education being offered is indeed attractive in all cases however in all cases it is the educational element being sought – not necessarily the opportunity to pursue a career at sea.

A small portion of training may still include some sea time but the career at sea is just not attractive to young people *except* perhaps in those countries where shipping and seafaring are still important to the economy and possibly becoming more so. But having said that, of the 1,300 available berths available to Greek deck and engineer cadets for the 2006 / 2007 entry year not even half have been filled at present causing serious worry among Owners. Worldwide the generally accepted figure is that the world merchant fleet is already 20,000 seafarers short of a full deck.

Perhaps we have basically just gone soft and are always looking for an “easier way”. But who would want to go to sea these days? The quest for profit in a strong market has seen manipulation of areas of operation – particularly affecting crews, that has tangibly lowered quality of life and standards generally. Ships trading now not with an engine room full of engineers, but with an engine room crew, have been pushed hard, maintenance and repairs deferred and lines have been crossed where margins have compromised decisions regarding safety of life at sea. and it has to be appreciated that a major reason for the traditional source of Surveyors rapidly drying up, is quite simply because seafaring is becoming a 3<sup>rd</sup> world occupation.

Too many ships of poor standard allowed to continue trading when they should have been scrapped; leading in turn to greater competition due to too many ships; leading to cheaper and cheaper crews in an effort to remain competitive. A self-defeating vicious circle, if ever there was one; given this perilous state of play at sea, what our own industry needed to do was maintain higher standards regardless, but how?

Unfortunately we have seemingly been dictated to by the lowest common denominator; poor ships equals lower insured values and less risk; lower insured values and less risk means no need for “expensive” surveys and reporting; no need for “expensive” surveys and reporting means no need for “expensive” adjustments and on and on; a gradual eroding of standards compromising professional standards at each level.

On top of everything else, recent worldwide security issues have also impacted badly on seafarers. Michael Grey recently wrote in his regular Monday “viewpoint” in Lloyd’s List an article entitled “Join the Merchant Navy and be Treated Like a Pariah” where he highlighted the plight of seafarers suffering at the hands of authorities acting in the name of national security

“playing fast and loose with human rights” without the slightest attempt to put themselves in the seafarers shoes.

Chief Engineers are presented with 30 year old technology and machinery that, for example, is miraculously supposed to separate oil from water by switching on a pump and opening some valves. Can we be surprised when they are led off to jail because it doesn't work? It didn't work when it was put in the ship twenty odd years ago;

Can we possibly expect the next generation of Surveyor, or Superintendent for that matter to come from these beleaguered ranks? I think not.

So in the future, *who will* determine for Underwriters whether the fractures in the hull of a tanker are the result of heavy weather or are actually the accumulation of years of transatlantic trading fatigue? *Who will* look at the carnage following a main engine bottom end bolt failure and determine whether crew negligence was the proximate cause or whether the prime cause was actually the fact that the Owner had failed to supply the necessary spares to the vessel six months earlier; and *who will* assess the condition of a vessel while still aground at Tierra Del Fuego and competently and confidently advise Underwriters as to the next and best course of action to minimize their loss?

What *do* we expect from a Surveyor when faced with judging such a situation and making decisions that can sometimes mean financial success or ruin for an Owner. We rightfully expect the most intelligent, well rounded, well educated Surveyor with the wisdom of Solomon to arrive at an unquestionable conclusion based on all of his or her experience and that most elusive quality of common sense.

When a survey relating to a claim goes wrong in the drydock due to one or other of the parties not being competent or understanding the “ground rules” - as characterized by the most recent Surveyor to be Chairman of this Association - it can take a very long time for the case to be brought back on course, if ever.

It's possibly surprising to some that the linchpin of the whole process, the Surveyor has needed no professional surveying qualification in order to start a report with the usual “THIS IS TO CERTIFY”. But there is good reason for this. This has been because the qualification of individuals as Master Mariners and Engineers together with on the job training has always been deemed sufficient. As this supply of Surveyor material dries up however this will not continue to be the case.

I am the first to say that protectionism for any group ultimately is usually counter productive however there appears to be little doubt in future that with the natural free source of Surveyors rapidly drying up, that the “blue chip” surveying companies remaining will be charged with finding and training suitable candidates for surveying duties. In this respect, Underwriters of all disciplines, H&M, P&I, Cargo etc., must be prepared to pay a premium for services that will allow such companies to train the individuals needed to fulfill these roles.

There *must* be investment. It is not now speculation but a dire need; otherwise ladies and gentlemen we will *all* be finding our way through a long dark tunnel for some time to come.

When Classification Societies came under the spotlight towards the end of the 1980's following the unacceptable and frequent loss of bulk carriers and their crews, the anticipated improvements from the declared intentions of IACS were lauded. Unfortunately the collated results of vessel inspections today would suggest that the initial improvements in Classification performance have not been maintained. In some respects a cynic could easily be misguided into thinking that the formation of IACS has resulted in economic protectionism as much as the intended improvement in standards to be derived from a common approach to standards and technical issues.

The trend of paying huge salaries to executives with no measurable return, rather than an investment in those in the field that actually make a difference is a certain recipe for disaster in any business but some seem to think there are signs that it may have strayed into the surveying business. Proper training whatever the discipline also means instilling in the recipients, values and a healthy regard for the worth of what it is that they are accomplishing. I have said on a previous occasion that no amount of administrative or organizational expertise will ever compensate for a lack of expertise in the field and soon, there will be no upper management with any expertise or experience of work in the field to recognize this.

As I said earlier we are dependent upon each other and this of course has a direct affect on the preparation of claims by Adjusters. The most recent Class survey is the starting point of many a claim presented on Underwriters. It may be bit perfunctory but in some cases there is insufficient information available to take any other approach. Recent practice concerning the treatment of deficiencies in Class certificates and reports has further highlighted the lack of confidence that might presently be placed on this approach. It must be said however that IACS has been very responsive to this negative development in the field and positive corrective measures have at least been implemented. This is something that needs continued vigilance; the first box checked by Underwriters is still "class maintained" – it needs to mean something.

ISM on the other hand has been said by some to be in many respects nothing but a band aid, covering over the real malaise of a desperate shortage of competent seafarers. Instead of tackling the standard of training, the system has shifted the focus of responsibility to management ashore. Whilst originally the Safety Management System was custom designed and developed for individual companies and their fleets it was not long before systems could be bought off the shelf to save costs. The results are predictable and clear to see from the results of vessel inspections by other parties.

Moreover however, speaking from personal experience I can tell you that the worst casualties I have ever surveyed in terms of quantum and loss of life all occurred on vessels with immaculate ISM paperwork.

Very early last year we were dealing with the loss of a 5 year old bulk carrier in Alaska and the death of six seamen; all totally unnecessary and apparently due to a faulty management system and lack of on board training. The solution? More regulations of course.

But lets be clear, regardless of Regulatory body intervention, be it Classification, ISM audits, or Port State Control inspection or whatever – the responsibility for the upkeep, seaworthiness, cargo-worthiness, safety and competent crewing of a vessel is the Owners; no-one else's.

It is here that Underwriters have such an important role to play.

Results for H&M Underwriters have indeed improved but continue to drag along the seabed. Unfortunately for P&I Clubs, during periods of high freight rates and movement a universally poor loss ratio and worsening underwriting results due to higher commodity values has occurred.

No-one can operate without adequate Hull or P&I insurance but the cyclic periods of overcapacity of the market can create tremendous financial pressures on Underwriters and compromise the stance that they should and would like to take with substandard tonnage. There are of course the good Ship Owners out there and I wouldn't expect any of our Broker colleagues here today to place business of any other kind, but not everyone is in the Premier Division. A lot of the players are being relegated to the 2<sup>nd</sup> and 3<sup>rd</sup> divisions and once they are there it is very difficult to rise to the top again. The industry needs Underwriters to stay tough. Yes “Class Maintained” should be the first box checked but it's not enough, the Classification system allows plenty of scope for abuse by the lower leagues.

Underwriters say they know this but it seems that when the market goes soft again the first thing to go is the condition survey. This is wrong and to me frankly unethical; if a ship needs a survey it should not depend on premium pressure or negotiation with the Broker. The importance of this cannot be overstressed and when you consider that the Surveyor is the Underwriters eyes and ears, the qualifications of the appointed Surveyor come sharply into focus.

As I mentioned earlier IMO and the ITF and the various seafarers unions around the world generally acknowledge that the world fleet is about 20,000 seafarers short. But that does not tell the whole story because that figure does not include the scrapings from the bottom of the barrel that are already currently at sea; albeit complying with the strict requirements of their flag states, some of which are not readily identifiable due to their invisibility on a normal scale world map. Flags of convenience have become an accepted fact of life. The dictionary definition of “convenience” is *“something that increases comfort or saves work”* obviously an ideal sales mantra for any small island nation trying to boost its GDP but what on this earth does it have to do with safe shipping? Absolutely nothing!

It has to be said that some of the main flag states have indeed set good standards and to date 23 flag states have signed up for the IMO's voluntary audit scheme; but just for a second consider the airline industry which suffers even more than shipping from cyclic economic stress brought on by a variety of factors such as fuel prices. Can you imagine the reaction to American Airlines re-flagging to a dot in the Pacific in order to employ cheaper Pilots to stay competitive?

I would appeal to Underwriters everywhere when considering their rating to encourage the efforts to re-establish National Maritime Registries and the properly administered Flags of Convenience.

I would also appeal to everyone including Underwriters to support the formation of a properly regulated, safe and prosperous scrapping industry, which will be key to the health of the world fleet in the future.

Lawyers, as we know take some hits and we have to be thankful that so many jokes have been made at their expense but let's face it, the legal profession is to be admired for its resilience and adaptability. The total annual value of legal fees for tort claims in the U.S. is higher than the GDP of several sovereign countries in the world but is that the fault of the profession? I think not. They find a need and they fill it and if they can't find a need they will create one. Take a drive along Richmond Terrace on Staten Island and count the billboard advertisements for Law Firms. Then count them for Surveyors or Adjusters or even Insurance Companies.

Sadly we have recently seen the demise of some of the oldest and most famous admiralty law firms in this city and elsewhere but a significant factor in their demise would appear to be that they were solely admiralty firms. Some mergers are now necessary and the successful firms have diversified to good effect and it has ensured that the expertise of those needed by our industry when and as required is still available.

Whilst there are of course some parallels, the underlying state of the average adjusting industry is something of a contrast to that of the legal profession. Rather than adapt, change or adopt new strategies the profession appears from the outside to have stood still in the water. We had one new applicant take the exam last year to become a full member and one in Canada. This year we have zero applicants in any category. Contrast this with the seven thousand (7,000) people who sat the New York Bar exam last year.

An admiralty judge when summing up a case recently described the role of the Adjuster in the case as *“applying the rules of a narrow branch of the law”*

Is the bar set too high for adjusters or is it the wrong bar, or is it just set in the wrong place? Dare I say that today, as long as the end result of years of study is now such a narrow band of opportunity then the profession will not attract the youth necessary for perpetuation, or am I just stating the obvious?

Maritime law firms have disappeared but the firms that have survived and even prospered have diversified into other areas; the key being diversity. Some might ask how an Average Adjuster diversifies. But in reply I would ask of the fully qualified Adjusters in the US how many are actually now still practicing Adjusters? Does the subsequent progress of upwardly mobile ex-Adjusters not seem like a way to attract new blood?

An attorney that passes the bar can practice many branches of law. Is it perhaps also time that the qualification that gains access also qualifies adjusters to pursue other professional work or whether the scope of an adjusters involvement be broadened to other aspects of the law?

Primarily there is woefully insufficient recruitment of young people into the industry and secondly the lack of investment in people over the last two decades has left us short of the mentors and teachers needed within if and when new recruits are taken on. Think back to who it was you learned your trade from. And if you consider yourself a potential mentor and a teacher, who are *you* training right now?

Last year my predecessor Jay McGuire talked about “Our Special Industry”. He was right it *is* a special industry but it is only special because of the people in it - something that no-one here would disagree with I’m sure. If we fail to encourage and train a new generation this will no longer be a special industry, it will be no industry at all.

A past president of the International Institute of Marine Insurance recently said of what is after all the oldest form of insurance in the world; “Today Underwriters have access to an arsenal of sophisticated analytical tools, CAT models and actuarial input on pricing and loss ratios. While these tools and quantitative data have advanced the science of marine underwriting, *no amount of technology can replace the human element*”

I can add from my own perspective that while technology may enhance surveying capabilities it will not replace it. We now have for example legitimate progress in the form of digital report writing technology in use designed for survey reports and solely for ‘on screen’ use and not for printing. In the legal world evidence will soon be acceptable for court presentation in solely digital form. Contrast this with the continued drafting of adjustments by hand and the continued practice of ‘sending the adjustment to the printers’. Although these bound volumes are a work of art and testament to many hours of serious effort, I have often wondered who actually needs them in such format? I have heard very recently that Underwriters are now actually calling for adjustments to be presented electronically at least in PDF format but why, in 2006 can an adjustment not be developed and presented electronically from start to finish?

In the Surveyors world, silence on a subject is taken to mean tacit acceptance. Tacit acceptance of the state of the industry will result in there being no voice at all.

I have worked at some time with majority of the Average Adjusters around. They are some of the most well educated, intelligent and dedicated people one could wish to meet or work with but if I may, personal differences if not put to one side will stop any ship from ever leaving port. As departing Chairman my message to the Association is to “stop sweating the small stuff” and pull together, but do it globally. Working towards a common goal and recruitment, the future of your industry can be bright. We live in a world of Goal Based Strategies and Key Performance Indicators. It is time for a proactive worldwide approach.

When I first started surveying in 1989 I couldn’t understand what all the fuss was. Surveyors, adjusters, lawyers, it was just a bent propeller. Why doesn’t the Owner just get his repair invoices together, go see the Underwriter and get his claim settled?

Wherever we do go from here ladies and gentlemen let’s not go *there!*

Thank you.