

IS POSEIDON RELATED TO GREEK MYTHOLOGY OR IS A CHALLENGE TO BE ACHIEVED THROUGH CROSS-VALUE CHAIN COLLABORATION?

Poseidon indeed, in ancient Greek religion, is the God of the sea and rivers, creator of storms and floods, and the bringer of earthquakes and destruction. To some, he was the “Saviour of Sailors,” to others the “Lord of the Waters”. Yet a third group venerated him as “Bringer of Destruction” and to a fourth one he was “The Leader of Nymphs.”



Over the past years, the World has been experiencing many extreme weather events, i.e., flood, fire mucilage, or storm which were the obvious consequences of rising average temperatures — and something that many scientists have been warning about for years. In fact, now this situation is considered to be quite alarming. With a 3 °C increase, cities like Miami, Shanghai, Osaka or Rio de Janeiro would sink underwater. Additionally, a total of 275 million people worldwide would need to relocate and escape the flood.

1. What are the Poseidon Principles for Marine Insurance?

Poseidon Principles for Marine Insurance (PPMI) offer a yardstick by which leading ship-financing institutions can demonstrate their commitment to reduce the greenhouse gas (GHG) impact of the fleets they finance.

Poseidon Principles are aiming to:

- Create awareness of the GHG impact of the lending decisions taken,
- Provide a common target for the intended annual improvement,
- Underline the commitment of the ship finance community to global GHG reduction targets.

Therefore, PPMI reflect the ambitions of the IMO to reduce shipping’s total annual GHG emissions by at least 50% by 2050 compared to 2008 by providing users with a common tool to monitor progress towards net-zero insurance.

2. The effect of the PPMI

The PPMI must be applied by Signatories in all business activities where:

- The insurance products cover hull and machinery (H&M);
- The Signatory is the leading insurer, as well as in cases where the Signatory is a follower, but the lead is also a fellow Signatory (signatories commit to annual declarations of the climate alignment of their H&M portfolios);



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- A vessel or vessels which have an established PPMI trajectory whereby the carbon intensity can be measured with IMO Data Collection System (DCS) data.

3. The Principles

The PPMI consists of four main points.

The first point is to make assessment of climate alignment. Signatories will, on an annual basis, measure the carbon intensity and assess climate alignment (carbon intensity relative to established decarbonization pathways) of their H&M portfolio using a robust industry-appropriate methodology established by the PPMI.

The second point is the accountability. For each step of the assessment, Signatories will exclusively rely on the data types, data sources, and service providers identified in the Technical Guidance. Affiliate members will, for each step of the assessment and as necessary, support Signatories by sharing knowledge about the Accountability principle and data collection process with relevant stakeholders.

The third point is the enforcement. Signatories commit to making compliance with the PPMI contractual in their new business activities. Signatories agree to work with shipowners, clients, brokers, and business partners to collect and process the information necessary to calculate carbon intensity and to assess climate alignment by sharing knowledge about the Enforcement principle and standardized clauses with relevant stakeholders.

The fourth and the last point is transparency. Signatories will publicly acknowledge that they are a Signatory to the PPMI, and all Signatories' scores will be published annually by the Secretariat of the PPMI.

4. Conclusion

If one thinks about the effect of the principles in the marine insurance industry, the goal of which is to create common global baselines that are consistent with and supportive of society's goals to better enable insurers to assess and align their portfolios with responsible environmental impacts, this will allow signatories to use the principles as an important tool to support the reduction of the GHG emission.

As the PPMI is now in force, insurers will seek to include a standard wording clause into H&M policies affected by the initiative. The purpose of this clause will be to allow insurers to approach its clients for their IMO DCS submissions (CO2 emissions data) and Statement of Compliance, in order to fulfil their obligations under the PPMI. In fact, the author by taking into account the effect of the principles made such connection with one of the most important Greek Gods "Poseidon". As the author mentioned above, in Greek Mythology Poseidon was referred as "Saviour of Salvors" or "Lord of the Waters" that in some way is closely connected with the effect of the principles in the marine insurance industry.

In conclusion, principles aim to assess climate alignment in marine insurance and serve institutions as well as clients to quantitatively assess and disclose the climate alignment of P&I Club's insurance portfolios. Whilst the framework is currently limited to H&M insurers, it is expected to expand to take on other covers in future. As the initiative continues to gather momentum, it will continue to send a strong signal in support of responsible environmental stewardship and maritime decarbonisation; a challenge that can only be achieved through cross-value chain collaboration.

We advise for the Members, for policies where such a clause has not been included, to pay attention to these matters as the insurers will send a letter of consent serving the same purpose as the above-mentioned clause.