

The Poseidon Principles for Marine Insurance (PPMI)

Guidance to our Members and clients

The Poseidon Principles for Marine Insurers create a common global framework to support sustainable insurance. The Principles are consistent with the policies and ambitions of the IMO, including its ambition to reduce shipping's total annual greenhouse gas (GHG) emissions by at least 50% by 2050 compared to 2008, and aim to be aligned with the Paris Agreement over time, by providing a second trajectory of 100% reduction by mid-century.

The Principles and their requirements

There are four principles that constitute the Poseidon Principles:

- 1. Assessment of climate alignment**
Signatories will, on an annual basis, measure the carbon intensity and assess climate alignment of their hull and machinery portfolios.
- 2. Accountability**
Signatories will exclusively rely on data types, data sources, and service providers identified in the Technical Guidance.
- 3. Enforcement**
Signatories will agree to work with clients and partners to covenant the provision of the necessary information to calculate carbon intensity and climate alignment.
- 4. Transparency**
Signatories will publish their climate alignment scores on an annual basis.

Standard Covenant Clause

The purpose of the standard covenant clause is to standardize the covenanting of information requirements across Signatories and clients. This is to help clients to know the data process and is intended for the benefit of the clients. While standard documentation legally covers these elements already, the addition of a standard clause to new policy agreements outlines the consent for data collection and the privacy protections established through the Principles.

Sourcing the data

To ease global adoption and implementation, the Poseidon Principles for Marine Insurance in line with the Poseidon Principles for Financial Institutions – both are based on information already prepared and submitted under the IMO Data Collection System (DCS). To see the IMO regulation document, [click here](#).

What is the IMO DCS?

The IMO Data Collection System, or DCS, was adopted by resolution MEPC.278(70), which entered into force on 1 March 2018. This regulation requires shipowners to collect and report per calendar year for ships which are 5,000 gross tonnage and above engaged in international trade:

1. The amount of fuel consumption for each type of fuel in metric tonnes,
2. Distance travelled,
3. Hours underway, and
4. Technical characteristics of the ship including design deadweight.

Clients will not be required to perform any calculations, but simply to share information already collected for the purposes of the IMO.

Data Verification Documents

The Statement of Compliance (SoC) is issued by a flag State or an RO on behalf of the flag state to the ship confirming its compliance with the IMO DCS. This occurs no later than 5 months from the beginning of the following calendar year (e.g., for the calendar year 2019, it would be issued by the end of May 2020). Once the RO or flag State has verified the data submitted and issued the SoC, that ship is in compliance.

Verification Letters issued by a Recognized Organization may be accepted in lieu of an SoC, where such a Verification Letter expressly states the vessel's identification, reporting period relating to the IMO DCS, and is duly signed.

About client and data privacy

The data reported to the IMO database through the IMO DCS regulation is confidential and cannot be accessed by the Signatories. Data from the IMO DCS is given to the Signatory via a third-party, often an RO. Likewise, the information that Signatories report to the Secretariat on an annual basis is also confidential between clients and their insurance provider. Confidential information is not shared between Signatories.

We do not report who our clients are or the vessels in our portfolio, but exclusively the climate alignment score of our overall shipping portfolio. As a Signatory, we may decide to report additional information in our own sustainability reports, such as average ship type and size in our portfolio or trends in our alignment score over time, but policy information and client information remain confidential throughout this process.

The expectations of the Signatories to the Poseidon Principles for Marine Insurance

As a Signatory, it is our expectation that our clients:

1. Accept the covenant clause in policy agreements,
2. Provide the necessary data, as already done in compliance with regulations, and
3. Provide the Statement of Compliance, as already provided when in compliance, or a Verification Letter if provided by the Registered Organization.

We are happy to have further discussions to answer any questions you might have.