



# Marine Insurance and IUU Fishing

*Questions and answers*

# OCEANA IS MOBILISING THE GLOBAL MARINE INSURANCE INDUSTRY IN TAKING ACTION AGAINST ILLEGAL, UNREPORTED AND UNREGULATED (IUU) FISHING.

In the coming months and years, Oceana is hoping to engage in open dialogue with insurers, working with them to develop new procedural standards to follow when conducting business with fishing companies, and vessel owners and operators.

By taking a united position in support of responsible and sustainable fishing industry practices, insurers can play an important role in improving the health of our oceans and in particular, in helping to combat IUU fishing.

## What is IUU fishing?

Illegal, unreported, and unregulated (IUU) fishing is an unresolved and internationally pervasive problem. Those that participate break or avoid fisheries management rules and succeed in operating outside the effective reach of government control.

IUU fishing is fishing that is carried out without appropriate authorisation or licence, and may incorporate overfishing, catching and retaining non-permitted species or species over or under a permitted size limit, the use of banned gear, fishing in a closed area, and fishing during a closed season.

## Why is IUU fishing a problem?

IUU fishing can deplete already overfished populations and can destroy vital habitats. IUU fishing activity can also harm law-abiding fishers that suffer reduced fishing opportunities when their targeted fish stocks are also targeted by IUU fishing vessels.

The current global scale of IUU fishing is difficult to calculate, as differences in the quality and comparability of available data complicate estimates<sup>1</sup>.

However, a 2009 study estimated that the total value of illegal and unreported fishing losses worldwide was at the time between US \$10 and \$23.5 billion annually, representing between 11 and 26 million tonnes of fish<sup>2</sup>.

In 2007, the quantity of illegally caught seafood products imported into the European Union (EU) was estimated at 500,000 tonnes, worth €1.1 billion<sup>3</sup>.

## Where does IUU fishing occur?

Although IUU fishing is present worldwide, the fish stocks that are most exposed to these activities include those that are poorly managed and monitored, and located within the coastal waters of developing countries, or within internationally shared high seas waters<sup>2</sup>.

## How are fishing activities monitored and controlled?

Fishing activities are often monitored through the use of vessel monitoring systems (VMS), onboard observers and aerial or at-sea surveillance activities. The inspection of catch, gear and documentation may also be carried out to ensure fishing vessels are abiding by all applicable laws. Investment into enforcement activities and available resources varies greatly from country to country however, and there are some countries where IUU activity is much more prevalent than elsewhere<sup>2</sup>.

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## What efforts are currently being made to prevent IUU fishing?

Combating IUU fishing involves making improvements in the monitoring, surveillance, and control techniques used by government agencies. Several non-governmental organisations (NGOs), have also uncovered valuable information, providing assistance towards arrests and raising general awareness about IUU fishing.

Additionally, efforts have been made in recent years to eliminate weaknesses in international legislation that facilitate the activities of IUU vessels. The FAO Agreement on Port State Measures to Prevent, Deter and Eliminate IUU Fishing (PSMA) empowers countries to block access to markets and services for visiting IUU vessels, trying to land catch in their ports<sup>4</sup>.

The EU Regulation to prevent, deter and eliminate IUU fishing (the EU IUU Regulation) also enacts sanctioning mechanisms blocking access at EU ports to EU markets and services for vessels registered under the flags of non-cooperating third countries. Furthermore, the EU maintains an official list of individual vessels that have been identified for their involvement in IUU fishing. Fish caught by vessels listed on the EU's IUU list are not to be landed at EU ports nor sold into EU markets<sup>5</sup>.

## Are IUU fishing vessels insured?

Yes, IUU vessels are insured! Recently published research has revealed that IUU fishing vessel operators are able to purchase insurance coverage for their blacklisted vessels<sup>6</sup>. Astonishingly, the insuring of IUU vessels appears to be fairly common, and even high profile, notoriously persistent IUU fishing vessels have been linked to internationally reputable insurance providers.

In April of 2015, the *Thunder* (pictured right), a trawler well known to Interpol and enforcement agencies around the world, famously and bizarrely sunk off the coast of São Tomé after being chased for 110 days by vessels operated by the Sea Shepherd Conservation Society. Following the sinking incident, the owner of the *Thunder* also reportedly tried to file an insurance claim.

## Why should insurers avoid providing coverage to IUU vessels and catch?

Insurers should not provide coverage to IUU vessels and catch because this supports IUU fishing activities.

Additionally, vessels that engage in IUU fishing often have characteristics that may also indicate other criminal or socially unjust activities (e.g., human trafficking, slavery, and the transportation of arms and drugs).

Vessels with these characteristics may operate under lower standards of safety making claims more likely, and the accessibility of detailed information needed for the thorough vetting of these vessels may be limited, again leading to additional risk for insurers.



*Oceana believes that if insurers changed their policies to make it harder for IUU fishers to purchase insurance, fewer would be able to participate in IUU fishing because of the exposure to higher financial risk.*

Discouraging these characteristics could be advantageous for insurers as vessels that carry a higher risk of being involved in an accident and making a claim could be avoided.

Moreover, insurers may be legally obliged to refrain from supporting the activities of IUU fishing vessels through the provision of insurance. The EU's IUU Regulation states that "Nationals subject to the jurisdiction of Member States...shall neither support nor engage in IUU fishing"<sup>5</sup>.

## How can insurers play a role in combating IUU fishing?

Without insurance, fishing companies may face enormous financial losses should an accident occur. Oceana believes that if insurers changed their policies to make it harder for IUU fishers to purchase insurance, fewer would be able to participate in IUU fishing because of the exposure to higher financial risk.



Insurers can also help to increase transparency and accountability within the global fishing industry by encouraging the use of vessel tracking devices and unique vessel identification numbers (i.e. IMO numbers), and discouraging registration under the flags of countries that are non-cooperative in efforts to combat IUU fishing.

Without access to insurance, IUU vessels may decide to cease IUU fishing activities and modify operations/vessel characteristics to align themselves with the standards of legal operators, in order to regain access to insurance.

IUU vessels may also continue to operate without insurance, though an accident resulting in substantial damage or losses may financially impair, and subsequently halt future operations.

## How can insurers avoid providing insurance coverage to IUU vessels and catch?

Association to IUU fishing exposes insurers to risks that carry potential financial and legal consequences.

Oceana aims to develop a targeted risk management protocol for the marine insurance sector in joint cooperation with insurers. Once developed, insurers can refer to this protocol for guidance in identifying and avoiding contracts with association to IUU fishing.

## What is Oceana's role within the PSI Initiative?

The Principles for Sustainable Insurance (PSI) is an initiative led by the United Nations Environment Program (UNEP), aimed at promoting environmentally responsible practices within the global insurance sector.

Earlier this year, Oceana became a Supporting Institution to the PSI Initiative. As a Supporting Institution, Oceana is promoting the adoption and implementation of the Principles in the context of addressing IUU fishing.



## References

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