



Focus on seafarer wellbeing – a reflection on the “S” in “ESG”

Christen Guddal, Gard’s global head of claims, recently gave a talk at the International Marine Claims Conference in Dublin titled “Putting the S in ESG”. We share some of his comments and observations.

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Making sense of the alphabet soup

ESG stands for Environment, Social and Governance, the three important factors influencing companies' value creation. For some "sustainability" is a buzzword and it can mean different things to different entities and in different contexts. Defined by the United Nations sustainable development is development "that meets the needs of the present without compromising the ability of future generations to meet their own needs." The [17 sustainable development goals](#) (SDGs) are intended to direct countries in their own sustainable development policies, plans and programmes but all stakeholders including the private sector are expected to contribute to realization of the goals.

Gard's mission statement is "Together, we enable a sustainable maritime development" - that is to drive such development through our operations, supply chain and industry. We have chosen to focus on five out of the 17 UN SDGs. I will concentrate on SDG 8, which concerns decent work and economic growth. In short, this goal is about inclusive and decent work for all.

Gard has committed to protect lives, livelihoods and health, promote wellbeing and respect human rights, including labor rights. This means working actively with the tools and partners we have access to in our role as marine insurers. In short, we seek to do more in this regard than we have done in the past.

So why may it be meaningful for marine insurers to focus on the S in ESG?

Let's be honest, as marine insurers we make our living from the imperfections of ship operations and seaborne trade. In an ideal maritime world, shipping would be conducted sustainably and efficiently without any adverse effects for people, the marine environment, or deployed assets. It would be a world without maritime accidents. Without loss of lives or injuries to crew or other people. Without damage to the marine environment. Without waste of valuable assets. Were this ideal ever achieved, we would be out of work of course, but we could hardly complain as the world would be a better place.

The relevance of the S in ESG may be more apparent for P&I insurers than hull insurers. Hull policies of course do not cover crew or other people for that matter. Despite this, I really think the social aspects for crew is highly relevant to us all and may become even more relevant going forward, because:

- Unless and until ships we insure become autonomous, they will be run by people. People with heavy responsibilities facing sometimes difficult and risky work conditions.
- The top cause of marine casualties remains human error. Which if true means that the main risk for any marine insurer, whether hull, P&I or other segments, is actually the crew.
- The crew is a special risk breed: They represent the biggest risk of accidents and are at the same time most exposed to the consequences of accidents. Unlike us, crew sometimes pay the ultimate price for mistakes.
- Research has found - and I believe - that the decisions and actions taken by officers and crew are very much impacted by the working and living environment on board: it affects both physical and mental health, alertness, situational awareness, collaboration, and confidence to act.
- If this makes sense, it follows that improved working and living conditions for crew is likely to lead to safer ship operations and thereby less risk of accidents.

I believe we can contribute to this as insurers even if we do not select, train, develop or foster the crew who work on board the ships that we insure.

However, this is about more than risk; it also about caring about and supporting human rights, labour rights and frankly quality of life. Fundamental rights in a well-working modern society, about which we deeply care when it comes to ourselves, our families, and friends.

It is a bit of a paradox given how much the world economy and welfare depends on shipping including competent, healthy, and happy people to run the ships – that their human and labour rights and their quality of life requires special attention. Covid brought this paradox into broad daylight, also by mainstream media. Crew members stuck on board, having to extend contracts way beyond agreed expiry dates because Covid prevented them from going home. At peak it is estimated that about 400,000 seafarers were trapped at sea beyond their contractual obligations.

Nautilus International shared results of a [crew survey](#) conducted earlier this year with some telling numbers. Only 1 out of 4 seafarers felt their work was adequately recognized. And just 1 in 50 felt there had been a significant increase in awareness of the situation for seafarers following Covid. More than half said that the crew change crisis had impacted how they feel about working in the maritime industry going forward.

Why? Conditions onboard deteriorated for many during Covid. Uncertainty and grave delays getting home. Shoreside medical care only available in emergencies. More suicides and attempted suicides. And not to forget, countless seafarers stuck at home, unable to join ships for work; without contracts, without pay; unable to support their families as they otherwise would.

Our claims experience largely mirrored the challenges. Lockdown measures and lack of access to shore medical treatment – even for serious conditions not related to Covid, vaccinations challenges, quarantine periods when leaving and joining, and big challenges related to death in service, whether Covid-related or not.

In one case we dealt with a master who sadly died on board – not from Covid – yet none of the 13 ports in which the ship called thereafter, in several countries, were prepared to give permission to land the body for repatriation. A proper funeral service at home was delayed for more than half a year. Uncertainty and emotional agony on top of grief for the family. And the crew had to continue their lives and work on board with the body of their leader in the fridge for months in a row. It is difficult to imagine this happening to someone passing away ashore.

However, Covid must not cause us to forget about other challenges for seafarers. Abandonment has not declined. We still see very sad stories. Various forms of harassment, including sexual harassment, are still a fact. And crew have less opportunities to escape.

In a recent Marine Insurer article titled “[Look after your seafarers and they will look after your ship](#)”, my colleague Kunal Pathak, Loss Prevention Manager in our Singapore office highlighted that If crew are well looked after and supported, with good onboard culture and work processes, we can expect lower levels of claims. He also noted a trend with more mental illness and suicide cases among crew today, suggesting that mental health issues deserve more focus. Problem areas include isolation, loneliness, less shore leave, fear of criminalization, fear of job loss and separation from family.

Among the possible worrisome long-term effects of Covid is that talented young people are discouraged from choosing a career at sea because of stories about how difficult the Covid period was for those who lived through it. For the long-term sustainability of shipping and world trade, motivated, competent officers and crew are no doubt needed, so we need to try to project positives as well.

Positive efforts from the marine insurance industry

Most shipowners are diligent and responsible employers, seeking to comply with the Maritime Labour Convention (MLC) focusing on decent work conditions. Most crew contracts appear clear and reasonably fair, with wage scales and other benefits negotiated with unions providing a real financial security net for the crew and their families in case of accidents, injury, illness, and death during service. For those very few shipowners who abandon crew, the Clubs provide

MLC certificates which guarantee repatriation of those abandoned plus up to four months unpaid wages.

Marine liability insurers contribute in many ways to seafarer wellbeing. P&I cover for liability to crew is broad and virtually unlimited, whether the liability arises under contract, statute or in tort. Gard also offers extended P&I cover to cater for crew during home periods, as well as their family members, increasing the overall financial security package. IG P&I clubs do not enforce the pay-to-be-paid rule for loss of life, personal injury, or illness claims. The clubs do not support members in labour disputes with crew or their unions. The clubs and their service providers, assist members with evacuation, medical treatment, repatriation, and other support.

New opportunities are also enabled by a more digitized world. One example is the use of AIS signals to warn of risks, such as risk of liquefaction of moist heavy metal ores (iron, nickel) that can cause a ship to capsize and sink leading to numerous losses of seafarers' lives in recent years. AIS data concerning bulk carriers seemingly on course to or within loading areas for such cargoes trigger targeted risk warnings and loss prevention advice. Our Goal of this program is to save lives of crew, protect the environment, and avoid loss of property – all in one.

What more can be done by marine insurers to look after crew?

There are number of further initiatives in the making or under consideration in our industry, such as Improved cover for liabilities or costs not previously envisaged. For example, in July 2021 our Board extended terms of cover for ship diversion costs to repatriate seafarers who have died in service on board. Straight response to my sad story of the deceased master. Cover for quarantine and disinfection costs have been reviewed by the IG Clubs on the back of Covid. More emphasis is put on the terms of crew contracts to ensure firstly, that they comply with the MLC standards, secondly, have regard for crew welfare aspects beyond that, and thirdly are generally clear, balanced, and predictable.

Crew questionnaires and other dialogue may provide valuable insight. So far it has confirmed the importance of strong and affordable digital connectivity on board, enabling stronger and more continuous contact with family and friends. Psychological first aid on board was highlighted as even more important than professional helplines. In other words, seafarers prefer to get help from someone they know and trust. At least to start with. If the right people collaborate across professions, we believe good ways to strengthen social conditions may be found. We see a potential for marine insurers to engage in more dialogue with owners, crew, and other stakeholders in industry organisations to identify ESG improvement areas. In this regard, industry standard wordings can make a difference. Allocating time and resources to support associations such as BIMCO, Intertanko, Intercargo is valuable. They need the perspectives that marine insurers can provide. The same goes for organizations like UN Global Compact and Global Maritime Forum. They take on the task of trying to chart a course toward an uncertain future. If we are not there – where it happens – we miss out on writing our valuable part of the narrative. For example, a workstream in the UN Global Compact program is “Just Transition”. Here, the E and S in ESG interact reviewing possible effects for seafarers of the green transition – how to ensure proper and timely reskilling and upskilling of seafarers in relation to new ship designs, new fuels and emerging technology to support the green transition.

A final example is one I have been proud to support – the [Mariners Medico Guide](#). This is an [app](#) that is free of charge and available both online and offline to support medical care for seafarers on board. The Guide has been developed in partnership with the Norwegian Centre for Maritime and Diver Medicine in Bergen and has been approved by the Norwegian Maritime Authority as equivalent to the WHO Guidance currently in use. The app is available to all shipowners and seafarers world-wide and is a tool we hope will truly help when used, and which will increase the feeling of safety and security among all crew.

Final reflections

Gard has embraced sustainability as a **cornerstone** for our business, as explained in our “Policy on Sustainable Business”:

*“Sustainability is directly connected to Gard’s core business which is to understand, manage and carry maritime risk. As risk managers, risk carriers and investors, we have a keen interest in fostering sustainable economic and social development. Through risk prevention, risk reduction and risk sharing we help protect the lives and livelihoods of seafarers and make the ocean cleaner and safer... Social and environmental issues are becoming increasingly important for all our stakeholders and sustainability is therefore an integral component of our strategy, which is reflected in our mission statement: **“Together, we enable sustainable maritime development”**.*

But the famous last words are - this is not about Gard. It is about every one of us working in the marine insurance industry. Together, we can raise awareness and understanding about how increased focus on social aspects for crew and other people working in the marine industries may serve to improve risk. And - the quality of life for those who do the front-line work that really creates our jobs. We really should care about that. All of us.