

MANAGING OPERATIONS IN A COMPLEX AND EVER-CHANGING REGULATORY ENVIRONMENT

Piraeus Seminar
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Piraeus, Greece

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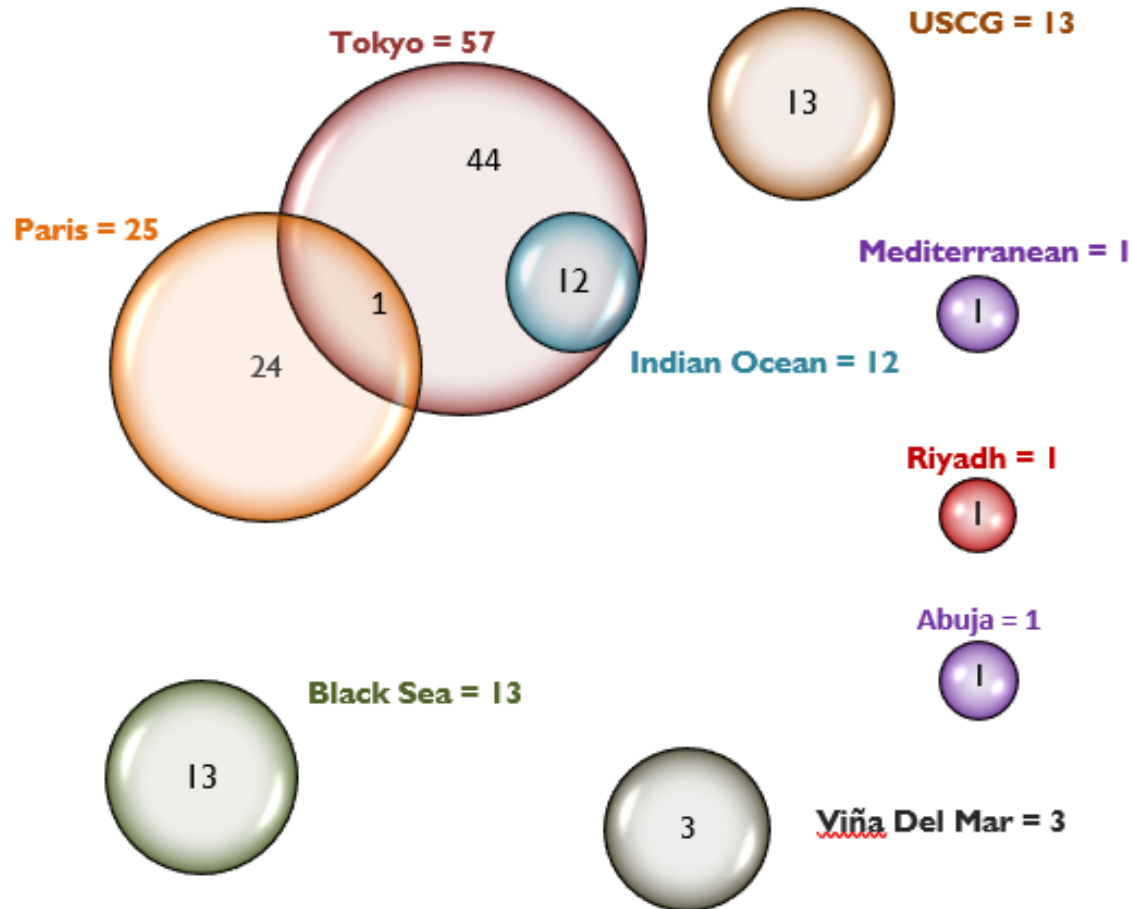


FLEET TYPES

VESSEL TYPE	NO. of VESSELS	% of FLEET	GROSS TONS	% of FLEET GROSS TONS
BULK CARRIER	1,624	35%	67,789,738	39%
CONTAINER	348	7%	19,089,281	11%
GAS CARRIER	191	4%	13,578,442	8%
GENERAL CARGO	170	4%	5,040,733	3%
MISCELLANEOUS	75	2%	425,060	0.25%
MOU	175	4%	7,353,193	4%
OSV	266	6%	516,713	0.30%
PASSENGER	15	0.32%	472,703	0.27%
TANKER	1,225	26%	57,873,149	34%
YACHT	585	13%	180,010	0.10%
TOTAL FLEET	4,674		172,319,022	

As of 30 November 2019

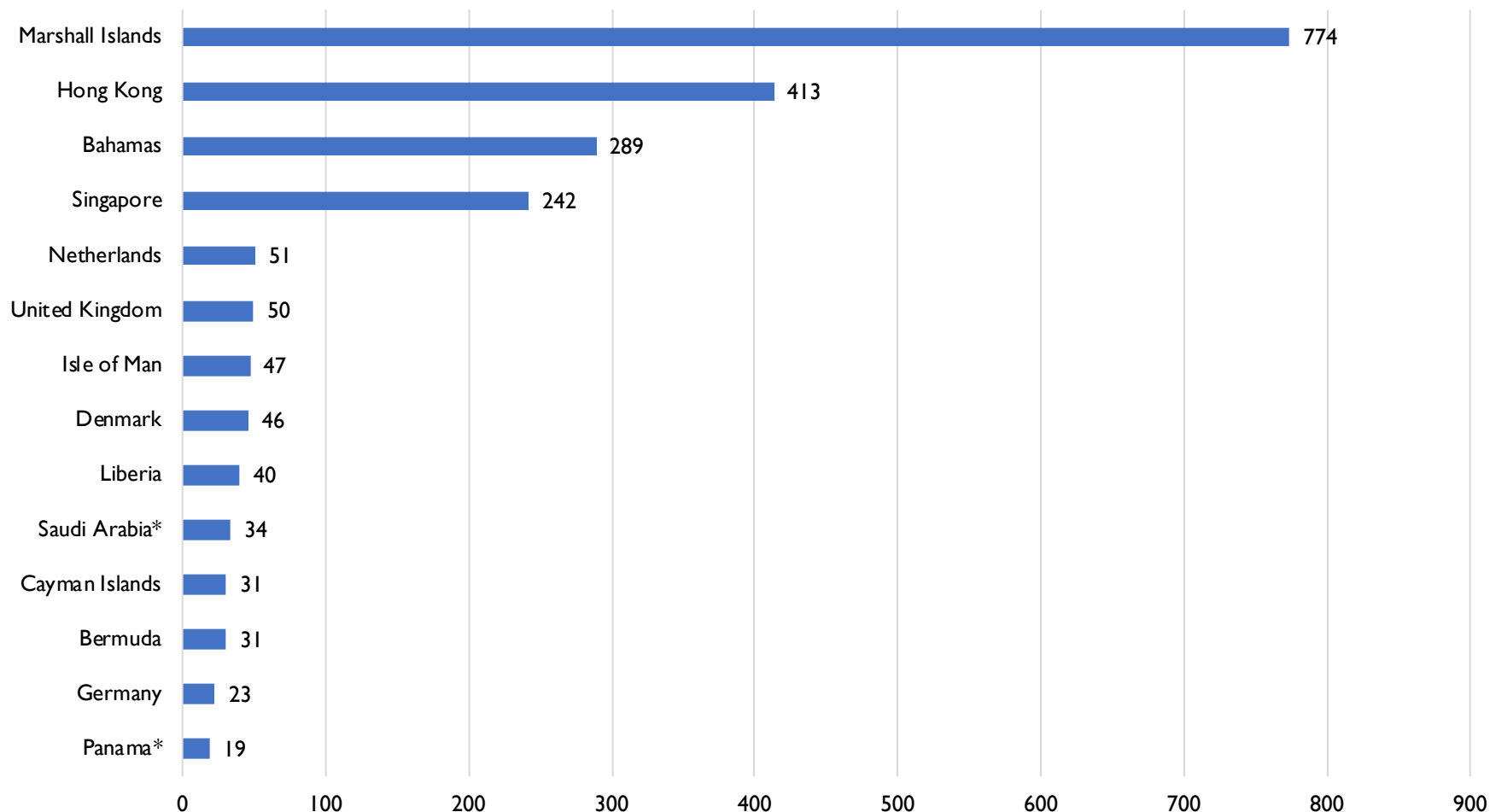
2019 PORT STATE CONTROL (PSC) DETENTIONS BY MEMORANDUM OF UNDERSTANDING



Total PSC Detentions = 113 (2.43% Republic of Marshall Islands (RMI) Fleet Detention)

As of 31 October 2019

UNITED STATES COAST GUARD (USCG) QUALSHIP 21 VESSELS – 2018



Source: USCG PSC Annual Report 2018

* Flag Administrations no longer eligible but still have ships with valid QUALSHIP 21 certification

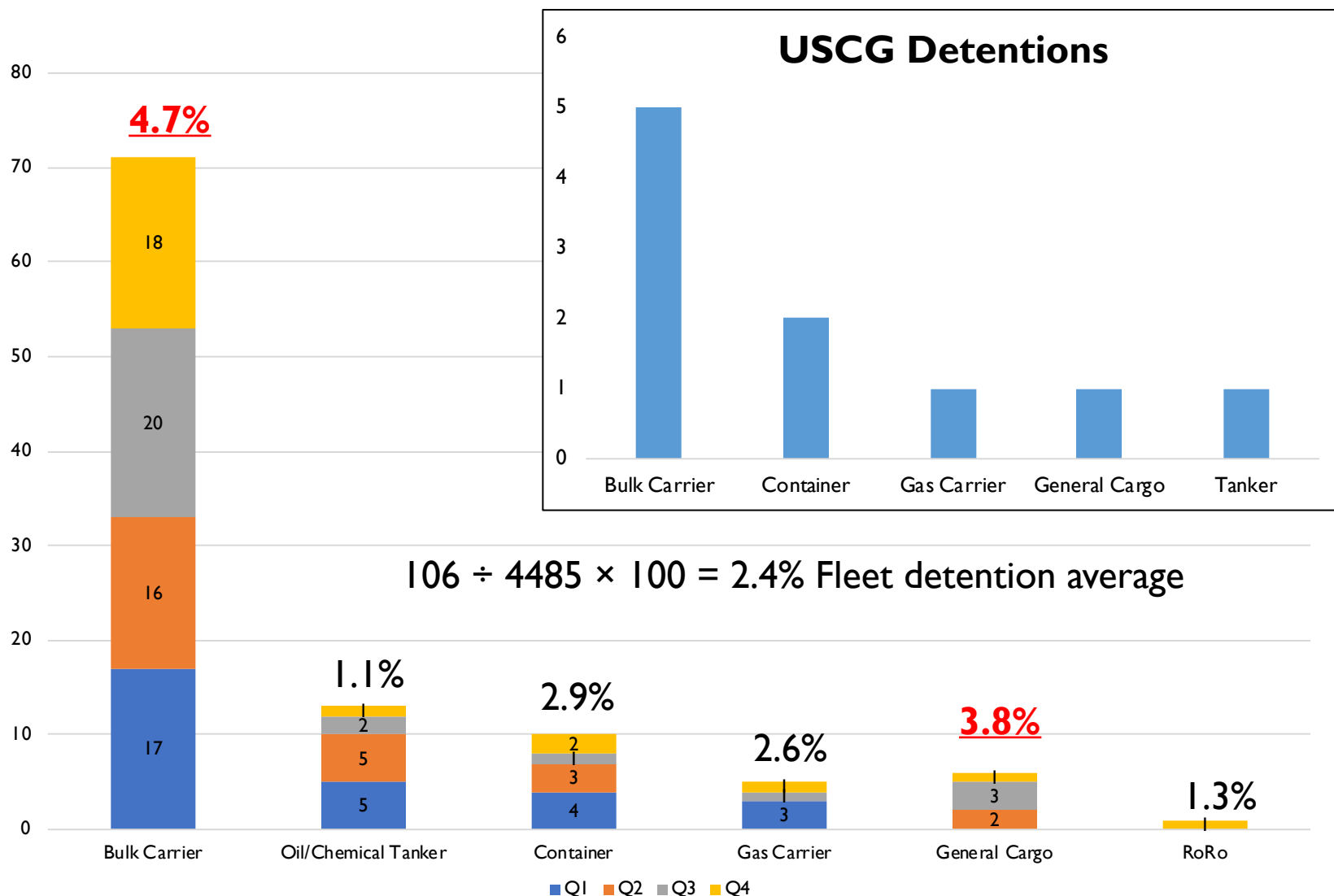
COMPLIANCE RESILIENCY



SAFETY AND SECURITY NET PRINCIPLE

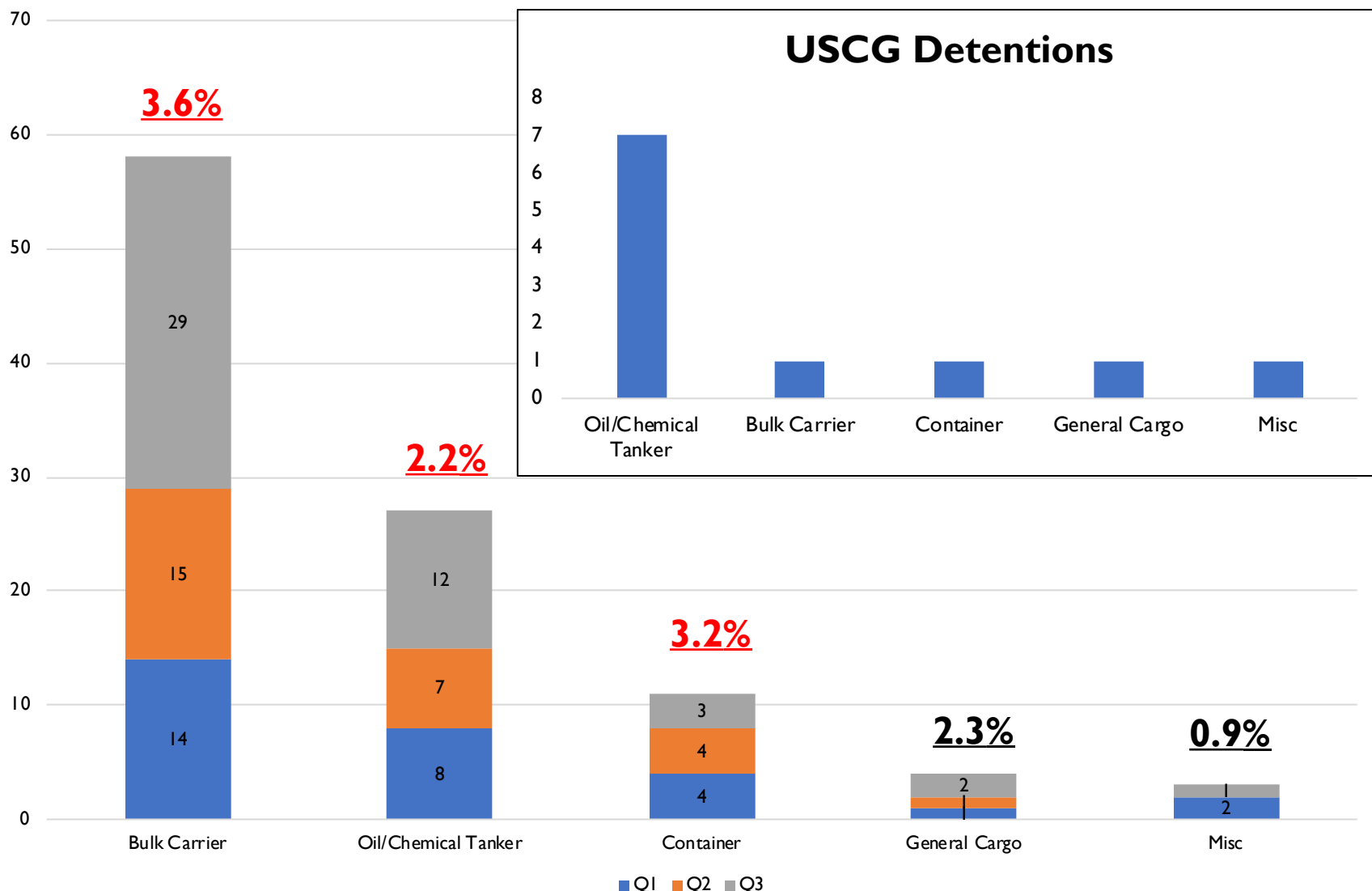


RMI 2018 DETENTIONS BY VESSEL TYPE



Note: Percentages are normalized based on the number of vessels in the fleet.

RMI 2019 DETENTIONS BY VESSEL TYPE



Note: Percentages are normalized based on the number of vessels in the fleet.



AUDIT VERSUS INSPECTION

What is more effective or has a better influence on addressing operational risks?

- An audit
- A PSC inspection

What's the difference?

- An audit searches for evidence
- A PSC inspection searches for failures

Both play a role in managing operational risk

Both fall short!



THE NEW RISK

PSC audit versus PSC inspection!

- Single deficiency detentions have occurred if USCG can link to Safety Management System (SMS) failure or Recognized Organization (RO) performance failure
 - Recent detention example:
 - PSC found 10 damaged exposure suits (broken zippers) incapable of being used in an emergency
 - Monthly shipboard checklists / records indicate “all exposure suits satisfactory”
 - RO very recently (within 30 days) completed satisfactory Safety Equipment Certificate survey
 - Shipboard SMS requires reporting of all damaged or malfunctioning lifesaving or safety equipment



A QUALITY FLAG'S VALUE

A flag with:

- Experienced personnel
- Worldwide infrastructure
- Exceptional service

Means vessels:

- Are monitored and maintained to a standard that meets third-party expectations
- Have a lower risk of being detained or experiencing operational delays
- Experience safer and more secure real-time operations



MITIGATING OPERATIONAL RISK

(Improving Resiliency of Operations)

- **Effectiveness of Preventive Maintenance System**
 - Finding failure no longer enough
 - Reliability must be taken into account
- **Crew, Crew, Crew**
 - Competency
 - Commitment
- **Linked Secondary Safety Nets**
 - Flag and Class / RO
 - Flag and Port States



FIRE SUPPRESSION SYSTEMS



FIRE SUPPRESSION SYSTEMS (continued)



QUICK CLOSING VALVE (QCV)



QCV (continued)



RMI MARITIME ADMINISTRATOR

(A Modern Regulator)

- Vetting, inspections, audits, and data collection are all focused on managing operational risk to improve quality, compliance, and overall safety and security of fleet operations.
- As a modern flag State and not just another open registry, the focus is on all the players who make up the safety nets.
 - Flag represents the critical link to strengthen the individual components.
 - This enables flag to quickly identify gaps in operations and address the root causes of faults in the system.
 - Flag promotes quality operations by:
 - Identifying and addressing risk
 - Influencing crew and ship manager's perspective on operational risk

THANK YOU



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