



Remote sensing...

Environmental issues from a P&I perspective



Rijkswaterstaat
Ministerie van Infrastructuur en Milieu

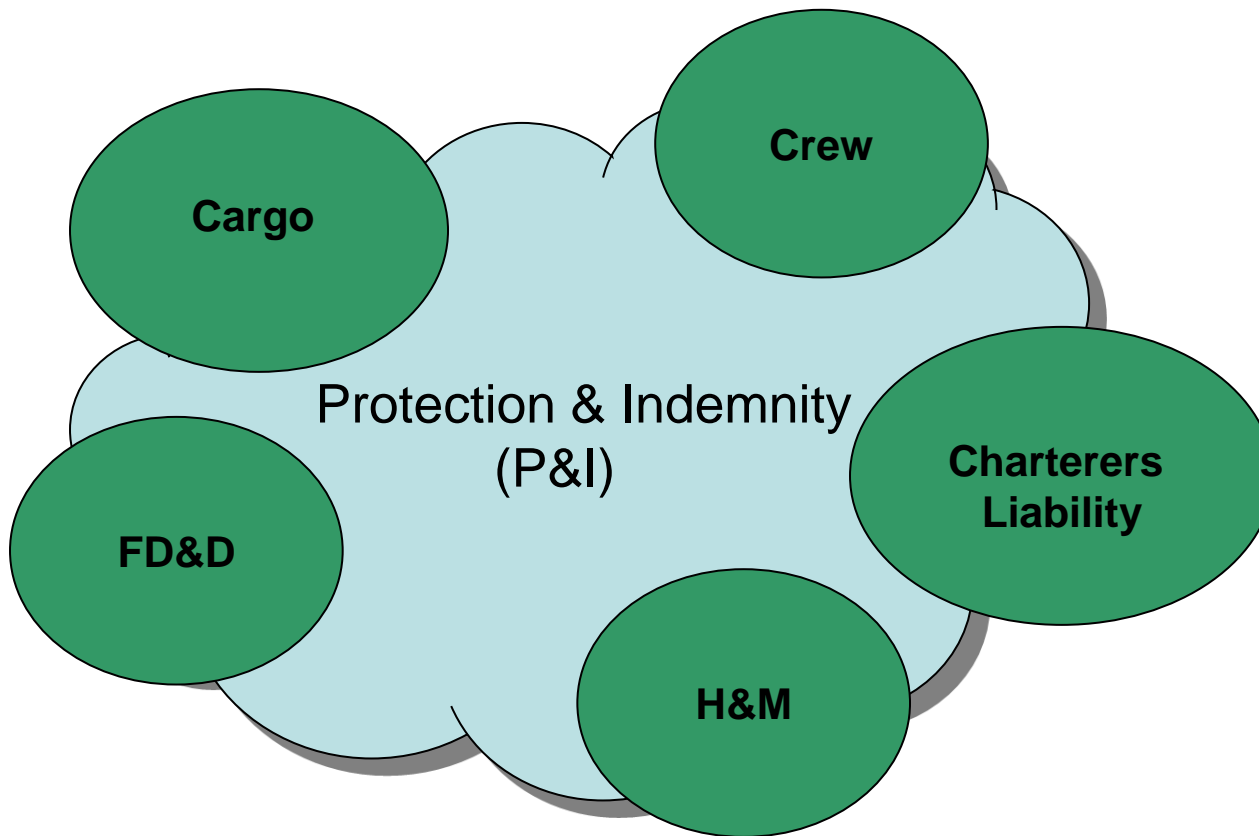


Spring 2015





P&I in an insurance perspective



A Little History...

- At the beginning: 18th Century different Hull clubs (Lloyd's Coffee House).
- Increased liabilities for Shipowners and growth of world economy.
- Need for cover on personal injury and collision liability both on commercial and mutual basis.
- First P&I Club: Britannia in 1855.



The P&I Clubs (*“the 13 sisters”*)



The Standard



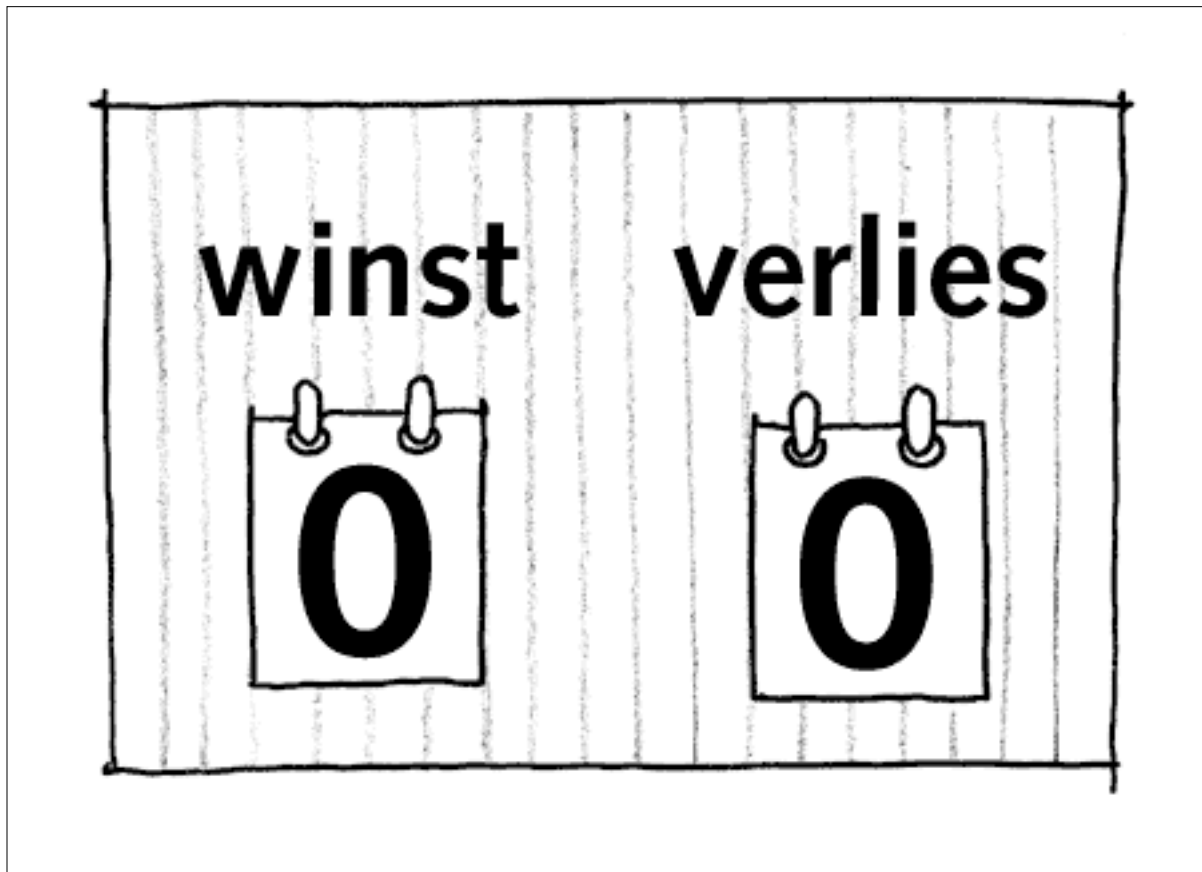
West of England



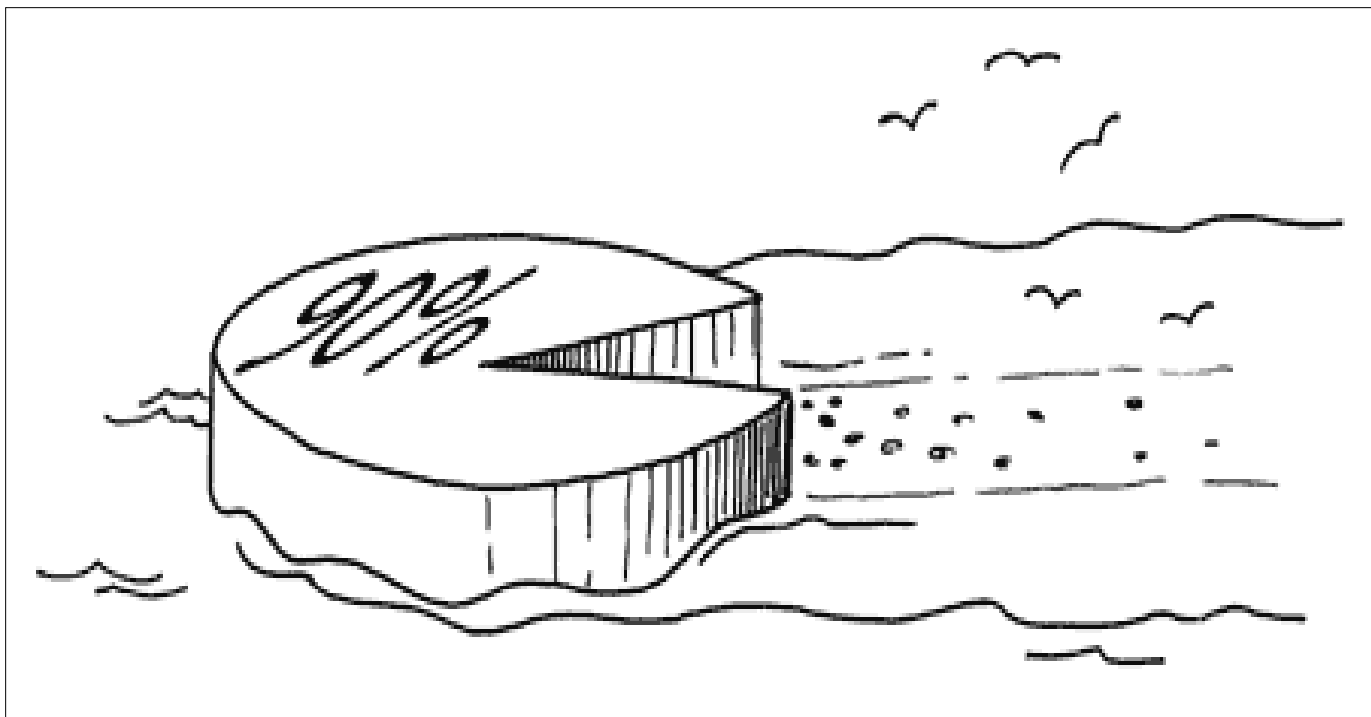
P&I Clubs are mutuals...



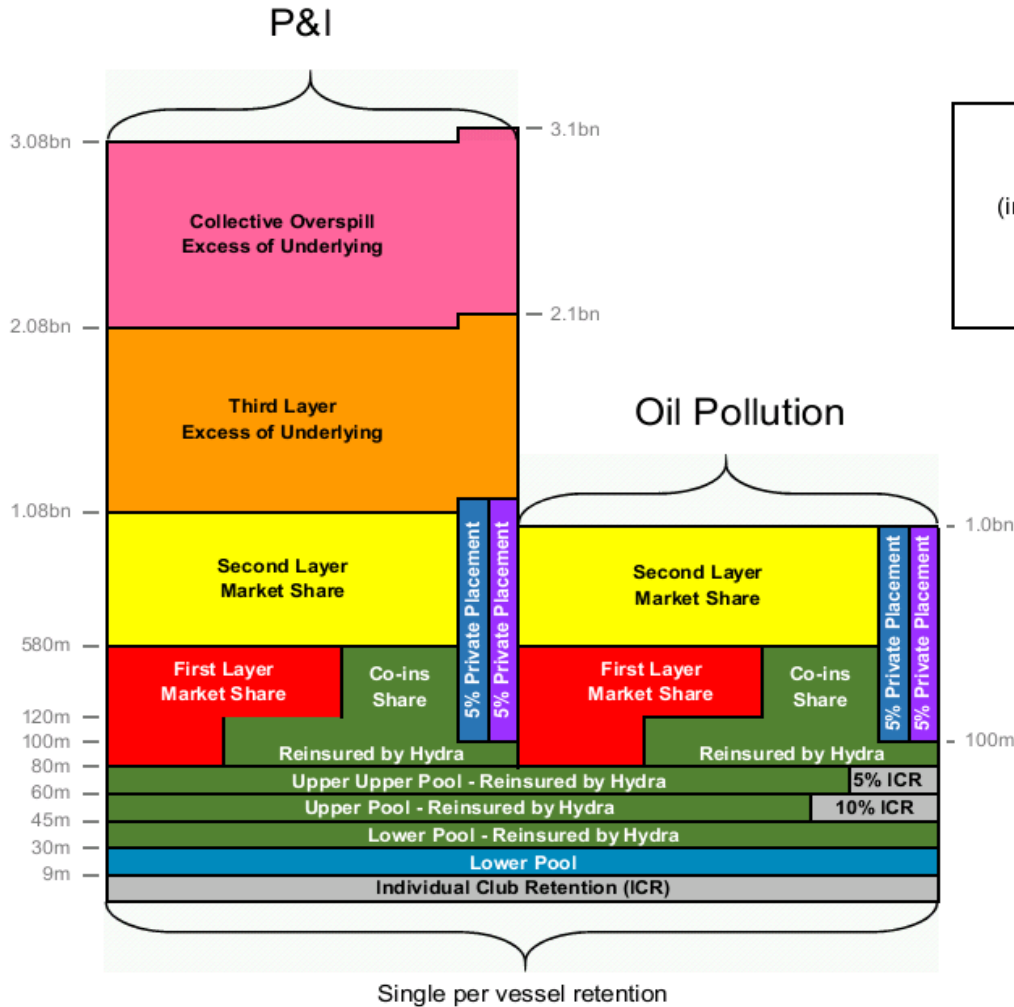
...don't have to make a profit ...



...and have insured 90% of the world tonnage.



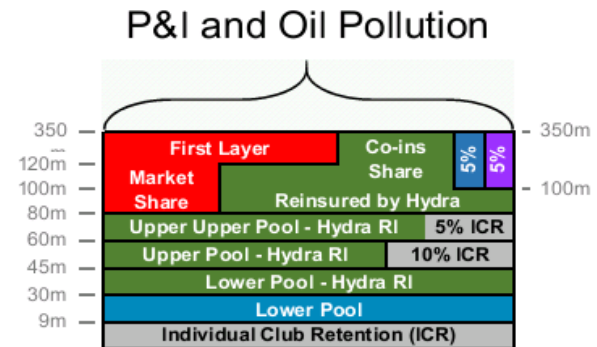
Reinsurance program IGA.



International Group of P and I Associations
 General Excess of Loss Reinsurance Contract Structure
 Owned and Chartered Entries
 (including Overspill Protection, Hydra Participation, Pooling,
 Private Placements and Individual Club Retentions)

12 Months at Noon GMT 20th February, 2015

Owned Entries



Chartered Entries

- 2014 - 2016 Multi-Year Private placement
- 2015 - 2017 Multi-Year Private Placement



COSTA CONCORDIA

CARABINIERI

711

The Standard P&I cover



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The main P&I Cover

- **Personal injury / illness / death / repatriation**
- Stowaways and refugees
- Collision with other ships
- Loss or damage to property
- **Oil Pollution risks**
- Wreck removal
- **Cargo liabilities**
- Fines and costs
- **Omnibus Rule**



Personal injury/illness

Member's liability for injury, illness, death of:

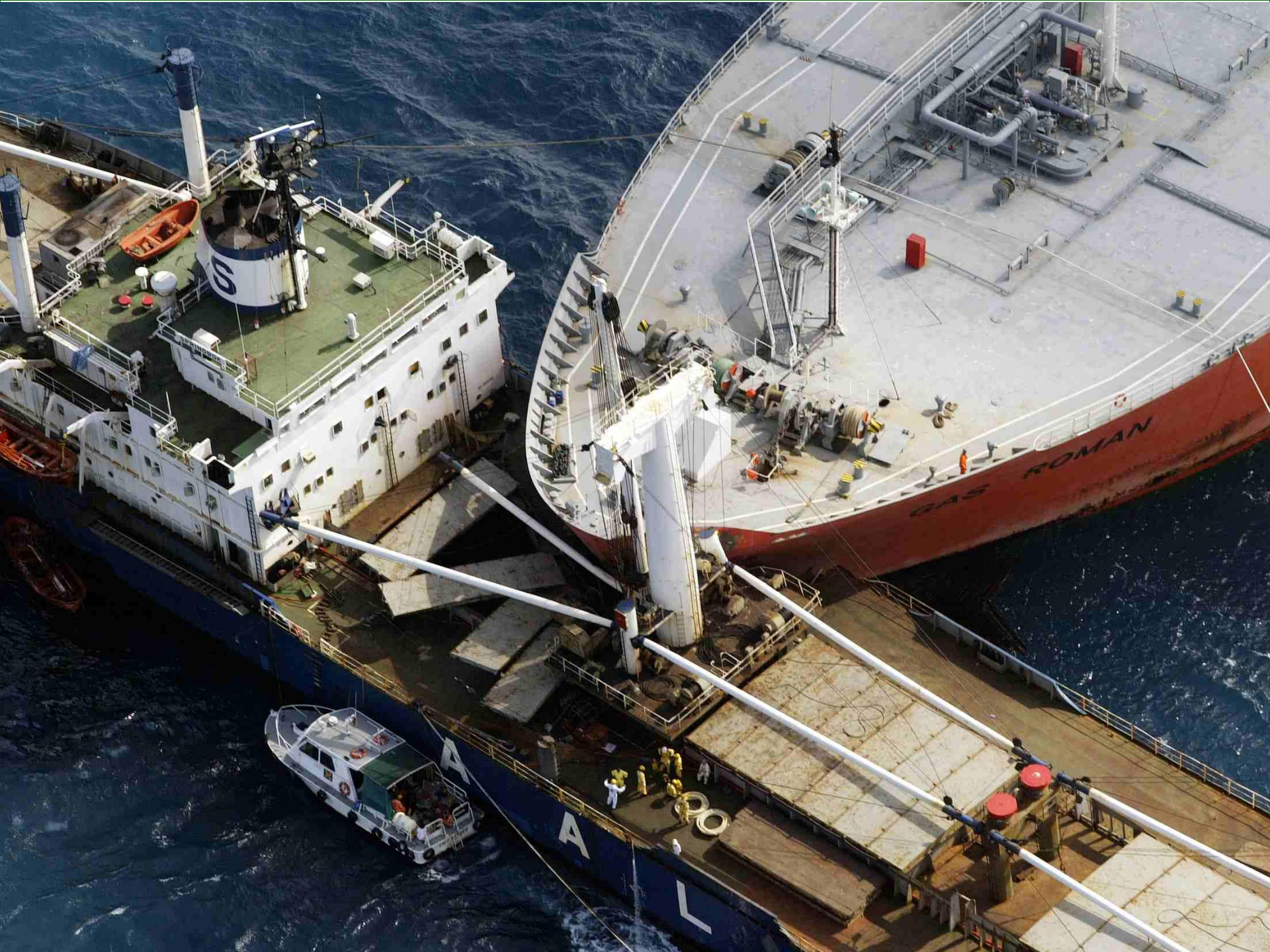
- Crew
- Passengers

Third party liabilities arising out of:

- *'Negligence'*
- Legal Obligation
- Contractual

















ARCTIC HUNTER
KODIAK, AK

Βετηερ

Cargo damage

- Damage to and loss of cargo
- Disposal of Cargo
- Cargo's contribution in G.A.



Fines

- Cargo
- Import duties
- Immigration
- Pollution



The Omnibus Rule

Any liabilities which the board may determine to be within the scope of club cover, but only to the extent that it decides that the member shall recover from the club.



Guarantees



ROTTERDAM GUARANTEE FORM 2008

The undersigned (A), waiving and renouncing all rights and defences, conferred on guarantors, and in particular the provisions of the articles 7:852 and 7:853 Dutch Civil Code, hereby irrevocably declares to bind itself as surety to and in favour of (B) (the Creditor) by way of security for the true and proper payment by (C) (the Principal Debtor) of the amount the Principal Debtor may be found to be indebted to the Creditor by virtue of a judgment (which is not or no longer subject to appeal) rendered against the Principal Debtor by a competent court of law having jurisdiction in the matter hereinafter mentioned, or by virtue of a valid arbitration award which is not or no longer subject to appeal or by virtue of an amicable settlement between the parties, in respect of the principal amount, interest and costs of suit relating to a claim at present estimated by the Creditor at (D) for (E).

The expression "a judgment (which is not or no longer subject to appeal)" is deemed to include a judgment by default rendered against the Principal Debtor, provided that such judgment has been served upon the undersigned and provided that no appeal has been entered against such judgment within six weeks after that service.

If the Principal Debtor is declared bankrupt or granted a suspension of payment, or if a statutory debt rescheduling scheme has been implemented regarding the Principal Debtor, or the Principal Debtor is in liquidation or liquidated, the Creditor is entitled to bring legal proceedings against the undersigned in order to have the indebtedness of the Principal Debtor ascertained by the Court. In that event, the undersigned undertakes to pay the Creditor the indebtedness of the Principal Debtor as established by a judgment (which is not or no longer subject to appeal) rendered in those proceedings, subject to the maximum amount set forth hereinafter.

This guarantee is hereby given without any prejudice (including any question as to statutory limitation of liability and the right to demand a release of this guarantee and/or a reduction of the amount thereof), and for a maximum amount of (F) for the purpose of the release from and/or the prevention of a prejudgment attachment of (G) on account of the above-mentioned claim(s).

This guarantee is governed by the law of the Netherlands. The undersigned and the Creditor submit to the non-exclusive jurisdiction of the competent court of law in Rotterdam for disputes and claims in respect of this guarantee.

This guarantee will expire unless before or within (H) months from the date of signing hereof legal proceedings have been instituted with relation to the aforesaid issue against the Principal Debtor in a competent court of law having jurisdiction in the matter, or against the undersigned, as provided in the third paragraph above, or a deed of compromise has been signed or an appointment of one or more arbitrators has been notified or requested or proposed under an arbitration clause, or an amicable settlement has been concluded between the parties.

This guarantee will also expire if the proceedings before the court or the arbitration proceedings, instituted by the Creditor within the time limit mentioned in the previous paragraph, all have led to a decision, which is not or no longer subject to appeal, that the court or arbitrator(s) lack(s) jurisdiction or that the Creditor has no right to claim or that the claim of the Creditor is dismissed or that the proceedings are struck out for want of prosecution, or if the proceedings have been finally withdrawn by the Creditor without an amicable settlement having been concluded.





24/7 World Wide Claims Service network

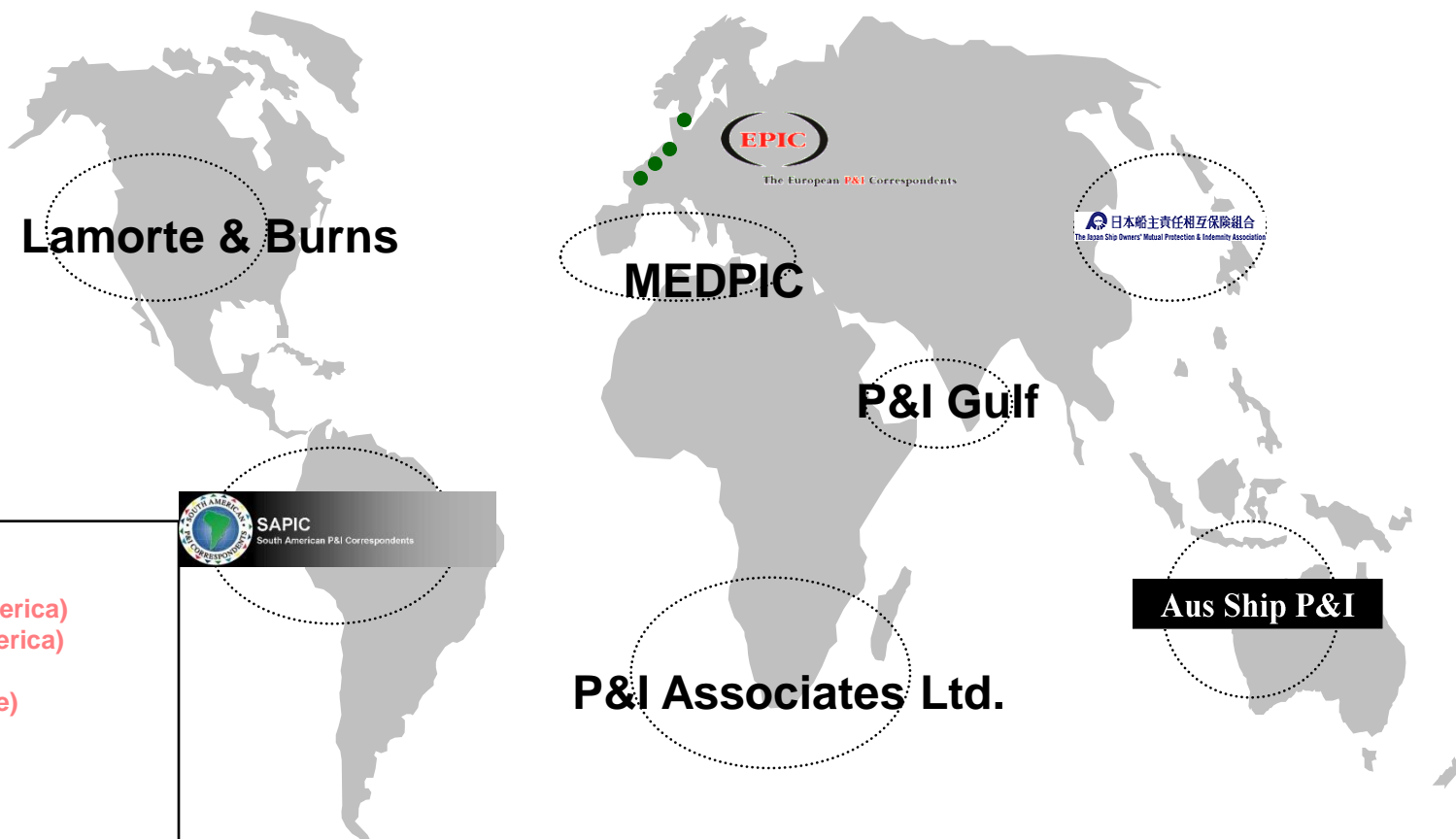
Building blocks of DUPI network

Key figures

Global network of
Approx 500 P&I
Correspondents
available 24/7.

Own independent
network of
marine specialists.

In every major port
on every continent.



Key partners

EPIC	(Europe)
SAPIC	(South America)
Lamorte	(North America)
MEDPIC	(Med)
MOL netw.	(Worldwide)
P&I Ass.	(Africa)
Aus ship	(Australia)
China P&I	(Asia)
P&I Gulf	(Gulf)



Maritime conventions



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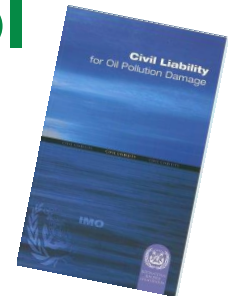
Maritime Liability and Compensation Conventions/Instruments

- 1992 CLC Protocol
- 1992 Fund Convention / 2003 Protocol
- 2001 Bunkers Convention
- 1996 HNS Convention/2010 HNS Protocol
- Athens Convention 2002 Protocol
- 2007 Wreck Removal Convention
- 1976 LLMC Convention / 1996 Protocol
- The “Rotterdam Rules”
- EU Offshore Directive
- *“On the Radar”*

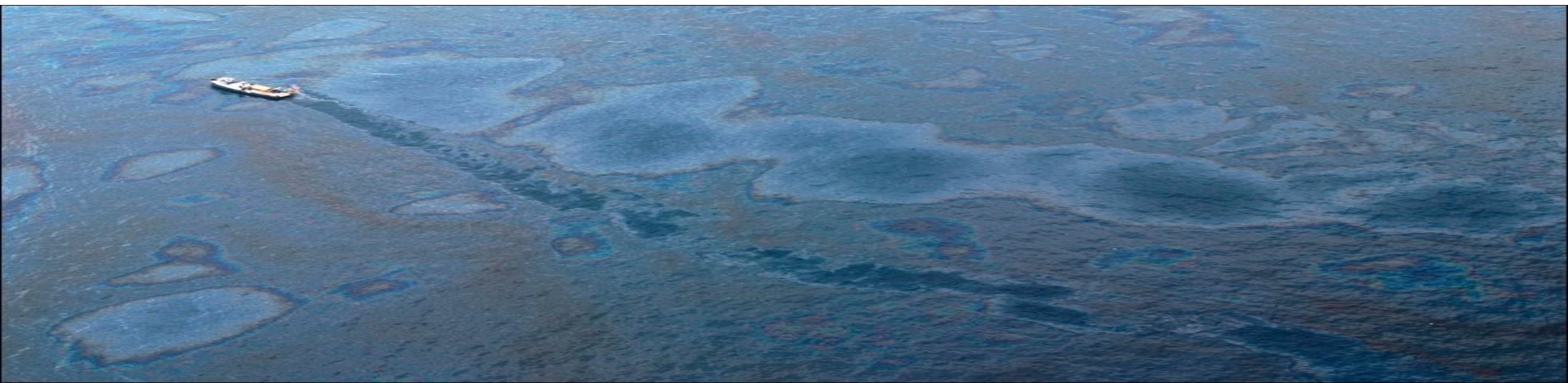


Civil Liability Convention 1992 Protocol

Status – in force from 30/05/1996



- 133 contracting States (as at 28/07/2014).
- Strict liability with limited defences/exceptions for shipowner
- Shipowner funded compensation up to 90 m. SDR
- Compensation enhanced through voluntary industry agreement - STOPIA 2006
- “Blue Cards” / financial guarantees



IOPC Fund Convention (92 Fund):

Status – in force from 30/05/1996

- 114 contracting States (as at 28/07/2014)
- Provides for aggregate compensation up to 203 million SDR (approx. US\$ 308 m.) including the applicable CLC limit
- Funded by member State contributions levied on industry
- 50% industry co-funding through TOPIA 2006



Supplementary Fund Protocol (2003):

Status – in force from 03/03/2005

- 31 contracting States (as at 28/07/2014)
- Provides for aggregate compensation up to 750 million SDR (approx US\$ 1.1 bn.) including the CLC and 92 Fund limits
- Funded by member State contributions levied on industry





2001 Bunkers Convention:

Status – in force from 21/11/2008

- 77 contracting States (as at 28/07/2014)
- Strict liability with limited shipowner defences/exceptions
- Compensation based on applicable national or international limitation regime e.g. LLMC
- “Blue Cards” / financial guarantees



Pollution liability due to Bunkers

- **Ship:**
All seagoing ships and seagoing vessels of every type with a GT greater than 1.000
- **Bunkeroil:**
All mineral oils containing koolwaterstof, including luboils which are used for the ship's engines as well as all oil residues



Who is responsible?

- The Shipowner:
- Beneficial owner
- Registered owner
- Bareboat Charterer
- Manager
- Party who exploits the ship



Liability for?

- Loss or damage
- Extraneous to the ship
- Caused by pollution as a consequence of leaking or escape of bunkeroil



Applies to:

- Damage or pollution caused:
- On shore, including territorial sea of signatory country to the Treaty.
- Within the exclusive economical of a signatory country to the treaty
- Preventive measures to avoid or minimise any damage



Scope

- Not responsible for damage resulting from:
 - Acts of War
 - Third Parties
 - Negligence / tortious Act of a State
 - Fault of the claiming Party(own fault)

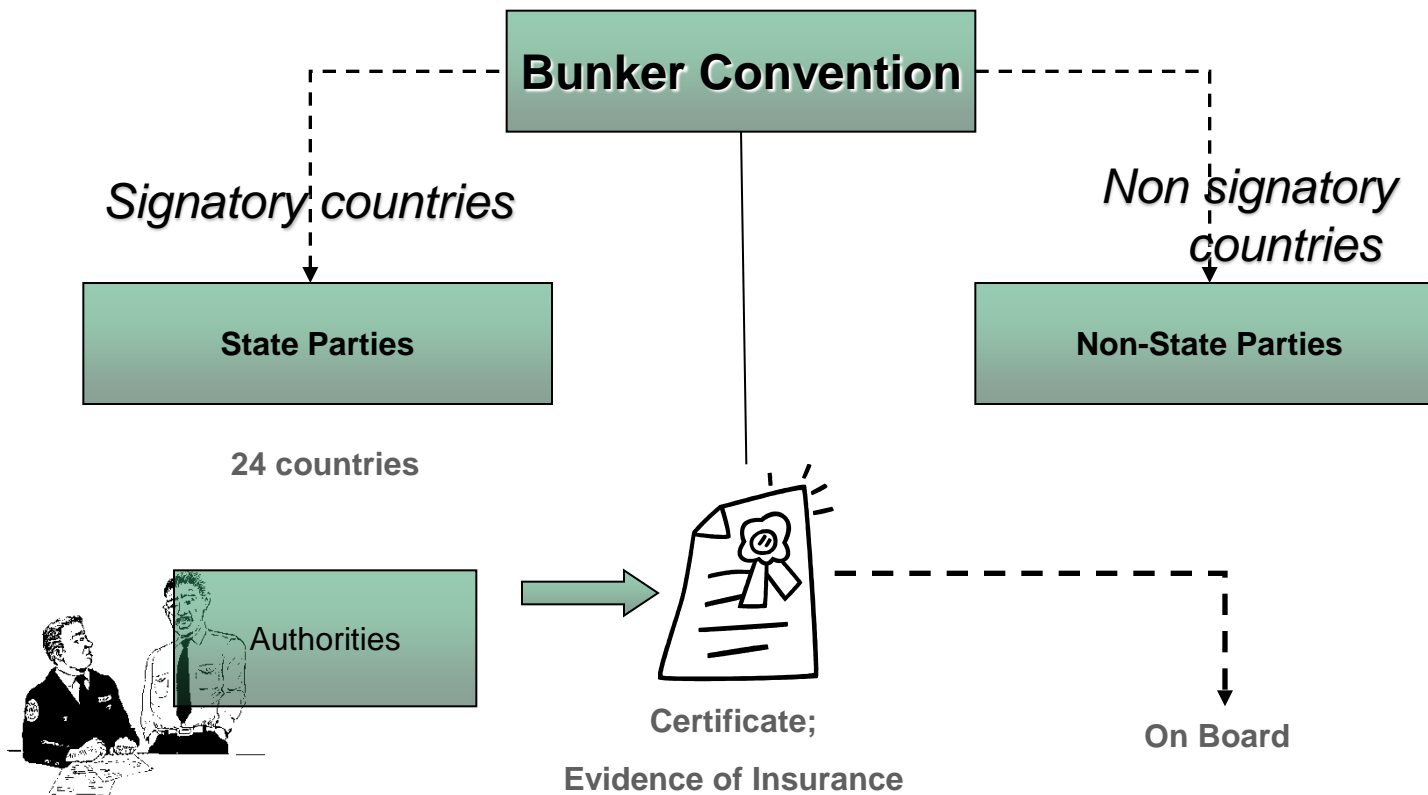


Insurance - Security

- Compulsory Insurance with a P&I Club
- Compulsory Security (Bank Guarantee)
- Direct Action against Underwriters (Blue Cards)



Bunker Convention 2001



1996 HNS Convention:

Status – (still) not in force

- New Protocol adopted at 2010 Diplomatic Conference.
- 1996 HNS Convention superseded by 2010 Protocol.

Entry into force: 18 months after 12 ratifications including

- 4 States with at least 2 m. units of GT, and
- minimum 40 m. tons of contributing cargo received by signatory States within preceding 12 months.



1996 HNS Convention (contd.):

- Two tier compensation scheme as CLC/IOPC Funds
- Strict liability with limited shipowner defences/exceptions
- Current shipowner liability limit up to SDR 100 million (approx US\$ 152m.) but 15% increase for packaged goods only
- Fund aggregate compensation limit of SDR 250 million (approx US\$ 380 m.) including shipowner limit



2002 Athens Protocol (Passengers)



Status – entry into force 23rd April 2014

- Currently 17 Contracting States (as at 28/07/2014)
- Strict liability with limited shipowner defences/exceptions
- Shipowner liability limit for death
 - PI 250,000 SDR per passenger (approx US\$ 380,000) or
 - 400,000 SDR (approx US\$ 608,000) where fault or neglect involved
- “Blue Cards” / financial guarantees
- EU Passenger Liability Regulation e.i.f 31/12/2012



2007 Nairobi Wreck Removal Convention:

Entry into force 14/04/2015

- 12 contracting states
- Compensation based on applicable national or international regime e.g. LLMC - Unlimited liability in some jurisdictions
- ROW measures must be proportionate and not go beyond what is reasonably necessary
- “Blue Cards” / financial guarantees
- Strict liability-limited shipowner defences



1976 LLMC Convention

Status – in force from 01/12/1986

- 54 contracting States as at 28/07/2014
- Separate limits for passenger and other claims – calculated on a sliding scale SDR per GT basis – limit for largest vessels approx US \$ 54 m. (passenger claims) and US\$ 26 m. (other claims)
- No amendment procedure



1996 LLMC Protocol

Status – in force from 13/05/2004

- 49 contracting States (28/7/2014)
- Separate limits for passenger/other claims on a sliding scale SDR per GT basis – limit for largest vessels approx US \$ 128 m. (passenger claims) and US\$ 64 m. (other claims)
- Increased limits agreed effective from April 2015
- Increase 2.7% per annum from 1996 calculated on a compound basis
- Represents 51% increase on current limits



UN Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea 2009

“Rotterdam Rules” Not into force

- 25 signatory states as at 28/07/2014
- 20 ratifications required – 3 to date
- no nautical fault exclusion
- continuing seaworthiness obligation
- increased liability limits
- two-year prescription period



EU Offshore Directive

- Safety of offshore oil and gas exploration and production operations
- Wide definition of “operations” – “all activities associated with”
- Imposes liability for environmental damage under the EU ELD
- Does not cover oil and gas transportation
- Requires evidence of financial security/insurance
- 19 July 2015 deadline to transpose into national laws
- Applies to planned installations from 19 July 2016, and
- To existing installations from 19 July 2018



On the radar



- CMI initiative to revise York-Antwerp Rules 2004 – objective to introduce revised Rules in 2016
- EU Places of Refuge study - ongoing
- EU Environmental Liability Directive review 2013/14 - ongoing
- OPA 90 – pending CPI adjustments to current vessel limits and proposals for simplification of procedure for future periodical inflation-linked adjustments



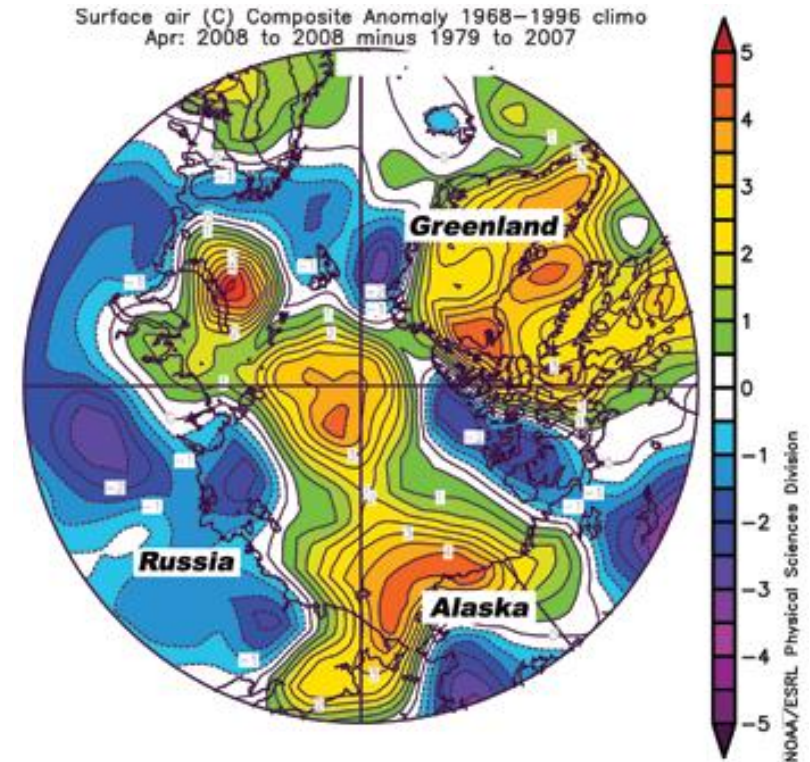
Shipowners Perspective

- Too much regulations with increasing liabilities!
- It is recession, there no sufficient money (from banks) to invest in environmental regulations.
- There is **no level playingfield** with other parts of the world!



Remote Sensing

- Burden of proof
- North Sea only
- Accurate easurements
- Obligatory technology on board
- Safety at sea





International Group of P&I Clubs

P&I Clubs will support/cover their members i.e. the owners when it comes to environmental issues.

But new regimes will often result in more complex liabilities which require additional cover and extra insurance premium (so daily running cost will go up!)



The criminalisation of the seafarer is often subject of debate. There are so many conventions and regulations in place on board that a seafarer can hardly to his actual job: **sailing a ship.**

Is the safety at risk because of to much regulation from the shore ?



