



International Group of P&I Clubs

IG & ITOPF Perspective on the Handling of Claims under CLC/Fund



The International Group



P&I Insurance

- P&I Clubs are mutual indemnity associations
- insure third party liabilities relating to the use and operation of ships
- most comprehensive **extent** of cover
- cover "**at cost**" (mutuality = no profit)



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The International Group



The Group

- comprises 13 Clubs
- and insure over 90% of world ocean-going tonnage
- and insure over 95% of ocean-going tankers



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The International Group



Current principal underwriting Group members

- American Steamship Owners Mutual Protection and Indemnity Association, Inc
- Assuranceforeningen Gard
- Assuranceforeningen Skuld
- The Britannia Steam Ship Insurance Association Limited
- The Japan Ship Owners' Mutual Protection & Indemnity Association
- The London Steam-Ship Owners' Mutual Insurance Association Limited
- The North of England Protection and Indemnity Association Limited
- The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)
- The Standard Steamship Owners' Protection and Indemnity Association (Bermuda) Limited
- The Steamship Mutual Underwriting Association (Bermuda) Limited
- The Swedish Club
- United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited
- The West of England Ship Owners Mutual Insurance Association (Luxembourg)

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The International Group



Pooling And Reinsurance

- Each Club retains first \$7m of risk
- Risk pooled from \$7m to \$50m
- Market reinsurance thereafter - largest marine insurance/reinsurance programme in the world.
- highest level / limit of cover (\$1bn oil pollution / \$3bn passenger/crew / \$6bn others (approx.))

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The International Group



Group functions

- to co-ordinate the operation of the claims pooling agreement for claims in excess of the individual club retention (\$7m) and the collective reinsurance for the Group clubs (\$50m - \$3.05bn)
- to represent the views of clubs' shipowner members on matters of concern to the shipping industry in relation to insurance and liability issues
- to provide a forum for the exchange of information between clubs and other maritime organisations and sectors

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P&I Clubs – financial exposure



- CLC limits
 - minimum SDR 20 m.*
 - maximum SDR 90 m.
 - plus TOPIA contribution
- maximum up to Nov 2003 SDR 60 m
- maximum under CLC 69 – SDR 14 m.

*after STOPIA

P&I Clubs – financial exposure



- Consequences of increased limits
 - majority of incidents within CLC limits
 - increased financial exposure
 - higher reinsurance costs

P&I Clubs - first response



- Emergency response
 - crew assistance
 - salvage
 - wreck removal
 - cargo
- Correspondent network
- Claims handling experience
- Co-operation between Clubs



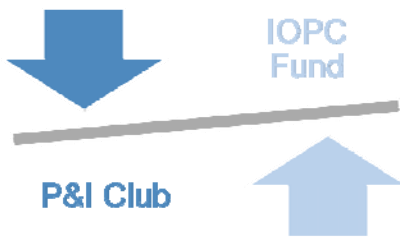
P&I Club & IOPC Fund Co-operation



- Memorandum of Understanding
 - Prompt notification
 - Consultation and co-operation
 - Use of joint experts
 - Information sharing
 - Costs sharing
 - Claims Handling Offices

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P&I Club & IOPC Fund Co-operation



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Claims process



- Claims handling
 - submission
 - assessment
 - approval
- The same criteria
- The same procedures



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Payment by P&I Club



- Settlement better than litigation
- Support for the Conventions
- Liability
 - strict
 - limited
- Watertight limits essential



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Payment by Club - CLC



- CLC Article 5
 - *"the owner shall establish a limitation fund for the total sum representing the limit of his liability"*
 - *"the fund shall be distributed among the claimants in proportion to the amounts of their established claims"*

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Payment by Club – MOU



- Clause 6. Prompt payment of compensation
 - *"The Clubs and the Funds shall co-operate throughout with the aim of ensuring that, within the legal framework of the Conventions, compensation is paid as promptly as possible".*

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Payment by Club



- Factors in decision on advance payments
 - risk of overpayment
 - subrogation
 - limitation procedures
- Case by case solutions

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Challenges

Aims



<ul style="list-style-type: none">•Lack of knowledge	<ul style="list-style-type: none">•Education & information
<ul style="list-style-type: none">•Claims<ul style="list-style-type: none">• inadmissible• inflated• opportunistic• lack of evidence	<ul style="list-style-type: none">•Claims handling<ul style="list-style-type: none">• transparent• fair• consistent
<ul style="list-style-type: none">•Payment<ul style="list-style-type: none">• delayed• pro-rated	<ul style="list-style-type: none">•Payment<ul style="list-style-type: none">• prompt as possible• hardship

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The P&I Club / IOPC Fund / ITOPF Partnership

ITOPF's Perspective



Richard H. Johnson, Technical Team Manager
IOPC Fund Meetings – IMO, London – 16th October 2008

Funded by Global Shipping Industry
To Promote Effective Ship-Source
Spill Response

ITOPF
MEMBERSHIP



- 5,400 tanker owner [Members](#)
- 9,600 tankers of 316 million GT (95+%)
- Other ship owner [Associates \(since 1999\)](#)
- 430 million GT of non-tanker tonnage
- P&I Clubs arrange ITOPF entries & pay dues
- ITOPF 'Not for Profit' Company

ITOPF TECHNICAL SERVICES

- Response to marine spills
- Damage assessment and claims analysis
- Contingency planning and advisory work
- Training and education
- Information services (www.itopf.com)

Bunker spills from non-tankers account
>50% of spills attended by ITOPF



**Incidents Involving
Hazardous and Noxious Substances
(HNS)**



ITOPF RESOURCES

- 26 staff with 13 technical advisers on call 24 hrs a day
- Advisers from different countries & backgrounds
 - United Kingdom
 - USA
 - Elire
 - Belgium
 - Germany
 - France
 - Trinidad
 - Biologists
 - Chemists
 - Economist
 - Engineer
- Main qualification is experience of practical response and damage issues
- Worldwide network of contacts
- Comprehensive library & databases

SPILLS ATTENDED BY ITOPF
(1970-2008)



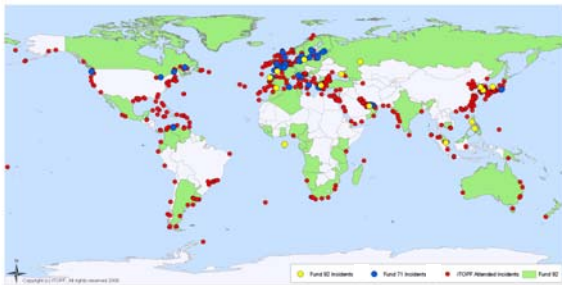
Attended > 590 spills in 95 countries

SPILLS ATTENDED BY ITOPF
(1970-2008)



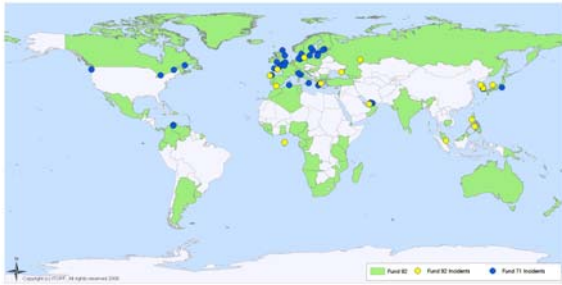
Spills in current 1992 Fund & Supplementary Fund States

SPILLS ATTENDED BY ITOPF
(1970-2008)



Spills in current 1992 Fund & Supplementary Fund States

SPILLS ATTENDED BY ITOPF (1970- 2008)



Fund spills in current 1992 Fund & Supplementary Fund States

Attended all the major tanker spills

- EXXON VALDEZ
- HAVEN
- BRAER
- SEA EMPRESS
- EVOIKOS
- NAKHODKA
- NATUNA SEA
- ERIKA
- PRESTIGE
- HEBEI SPIRIT



ITOPF ROLE ON SITE

- Aim is to promote an effective response to marine spills, to mitigate pollution damage. Technically sound (reasonable)
- Work with government agencies, spill response community & victims. Seek cooperation & mutual agreement
- Help secure equipment and organise clean-up
- Monitor spill response & investigate damage to resources
- Assist with design and implementation of post spill studies and restoration projects
- Offer guidance on preparation of claims for compensation
- Role is **always advisory** – decisions rest with authorities

CLC / IOPC Fund Conventions

- Compensate for preventive measures & pollution damage
 - “**Preventive measures** mean any **reasonable** measures taken by any person after an incident has occurred to **prevent** or **minimize** pollution damage.”
 - **Reasonable** means measures should be based on a technical appraisal of the incident
- ITOPF - consistent application of technical criteria
- Provide uniform treatment of claimants (and claims)
- Consistent application of criteria admissibility

DAMAGE ASSESSMENT AND CLAIMS ANALYSIS

- Technical advice on merits of claims
 - observed events, actions and pollution damage
 - joint surveys
 - applying scientific, technical and economic criteria to claims assessment
 - preventive measures, property damage, economic loss, environmental damage (restoration)
- **Settlement decisions** rest with ship owners, P&I Clubs, IOPC Funds



- ITOPF mobilised
- P&I Club
- 1992 IOPC Fund
- MOU
 - Prompt notification
 - Consultation and co-operation
 - Use of joint experts
 - Information sharing
 - Costs sharing
 - Claims Handling Offices



- Club Correspondent
- Ship Agent
- Local Surveying companies



Authorities

- Command Post
- Lead Response Agency
- National Coastguard
- Government Authorities
- Strategic Meetings





Authorities

- Province officials
- County officials
- City officials
- Village Chiefs
- (Contractors)
- Joint surveys





Damage Assessment

- Local surveyors
- International experts
- Fishermen
- Fishing Co-operatives
- Joint claims receiving office
 - Joint Club/Fund

Summary

- ITOPF established and funded by global shipping
- To promote effective clean up
- Attend on site and work with all interested parties
- Invited by P&I Club / IOPC Fund or any combination eg incident in Bahrain (2003), PONTOON 300 (UAE 1998)
- Consistent application of technical criteria
