



## ANY OTHER BUSINESS

### STOPIA

#### Submitted by the International Group of P&I Clubs

<b>Summary:</b>	This document provides information on the number of vessels entered in International Group Clubs that are entered in STOPIA and the number falling outside STOPIA, as requested by the 1992 Fund Executive Committee in March 2007.
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<b>Action to be taken:</b>	Information to be noted.
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#### 1 **Introduction**

- 1.1 The Small Tanker Oil Pollution Indemnification Agreement (STOPIA) 2006 took effect as from 20 February 2006.
- 1.2 STOPIA applies to pollution damage in States in which the 1992 Fund Convention is in force, and is a contract between owners of small tankers to increase, on a voluntary basis, the limitation amount applicable to the tanker under the 1992 Civil Liability Convention. STOPIA provides that all tankers will be considered a 'Relevant Ship' if they are of 29 548 tons or less and are entered in one of the P&I Clubs which are members of the International Group of P&I Clubs and/or reinsured through the pooling arrangements of the International Group (cf document 92FUND/A.ES.10/13, Annex IV, Clause III (B) of STOPIA and the application to 'Relevant Ship').
- 1.3 Vessels that are insured with underwriters that are not members of the International Group, but which have reinsurance with the Group, are therefore also covered by STOPIA.
- 1.4 The Clubs in the International Group have amended their rules so that vessels of up to 29 548 GT that are reinsured through the Group's pooling agreement are automatically entered in STOPIA.
- 1.5 The effect of STOPIA is that the maximum amount of compensation payable by owners of all ships of 29 548 GT or less is 20 million SDR.
- 1.6 Approximately 95% by tonnage of the world's tanker fleet are entered in the International Group of P&I Clubs, the vast majority of which are entered in STOPIA. The International Group is required to notify the 1992 Fund every six months of the names of all ships entered in each International Group Club which are also entered in STOPIA, in accordance with Article 9 of the Memorandum of Understanding between the Funds and the International Group of P&I Clubs

regarding joint claims settlement procedures and the undertakings by the Clubs in respect of the new voluntary arrangements of STOPIA and TOPIA.

- 1.7 The list of such vessels sent by the International Group to the Fund Secretariat in the first half of 2007 contained 5 680 STOPIA tankers entered in International Group Clubs.
- 1.8 This list also included a number of Japanese coastal tankers that are entered in the Japan Ship Owners' Mutual Protection & Indemnity Association (Japan P&I Club - a member Club of the International Group) but, even though they are not automatically entered in STOPIA since they are not covered by the International Group's pooling agreement, have voluntarily agreed to enter in STOPIA.

**2 Summary of the number of tankers entered in International Group Clubs that are entered in STOPIA and those that fall outside STOPIA**

- 2.1 STOPIA entered into force on 20 February 2006 with the knowledge that a specific, and small, number of tankers entered in the International Group of P&I Clubs would not be entered in STOPIA by virtue of the fact that they are not reinsured through the Group's pooling agreement and do not therefore have the benefit of insurance cover up to the higher limits provided by this pooling agreement.
- 2.2 The introduction to the text of STOPIA submitted to and considered by the 1992 and Supplementary Fund Assemblies in February/March 2006 (cf document 92FUND/A.ES.10/13) states that a small number of tankers are insured within the International Group but outside the International Group Pooling arrangements, in particular certain Japanese coastal tankers.
- 2.3 The situation with regard to STOPIA and such Japanese coastal tankers entered in the Japan P&I Club is as follows:

	<b>Number of Japanese coastal Tankers entered in Japan P&amp;I Club</b>	<b>Number of such vessels entered in STOPIA</b>	<b>% of total</b>
2007/2008	617	251	41
2006/2007	645	251	39
2005/2006	651	193	30

- 2.4 There has been a continuous decrease over recent years in the number of coastal tankers operating in Japanese waters due to the prolonged recession of coastal shipping in Japan (1 509 in 1999 to 1 135 in 2005), which is reflected in the decrease in the number of coastal Japanese tankers entered in the Japan P&I Club. At the same time, there are a number of such vessels that have third party liability cover outside the International Group system (and therefore outside of STOPIA) from the commercial market.
- 2.5 The majority of these particular coastal tankers that are entered in the Japan P&I Club are, however, small vessels at less than 200 GT. The situation with regard to the above mentioned Japanese coastal tankers currently entered in the Japan P&I Club and more than 200 GT is as follows:

	<b>Coastal Tankers &gt; than 200 gt in Japan P&amp;I Club</b>	<b>Entered in STOPIA</b>	<b>% entered in STOPIA</b>
2007/2008	182	123	68

- 2.6 There are also a much smaller number of tankers engaged in coastal trade that are entered with one other Club in the International Group that are not reinsured through the Group's pooling arrangements and, therefore, are also not automatically entered in STOPIA, as follows:

The Steamship Mutual Underwriting Association (Bermuda) Limited: 12 tankers.

- 2.7 In summary, the total number of tankers entered in the International Group of P&I Clubs and/or reinsured through the Group's pooling arrangements and automatically entered in STOPIA, and those that are entered in one of the Group Clubs and not entered in STOPIA because they are not reinsured through the pooling arrangements, are as follows:

	<b>Number of tankers entered in STOPIA</b>	<b>Number of tankers not entered in STOPIA</b>	<b>Total</b>	<b>% of total entered in STOPIA</b>
2007/08	5680	378	6058	93.8

- 2.8 As can be noted from the increase in the number of coastal tankers entered in the Japan P&I Club and entered in STOPIA between 2005/06 – 2007/08, the Clubs in the International Group are continuously encouraging those entered tanker members that are not reinsured through the Group's pooling arrangements to enter STOPIA. The Steamship Mutual Underwriting Association (Bermuda) Limited also encouraged four such tanker owners to enter STOPIA last year. This encouragement is continuous and on-going.

### **3 Action to be taken by the Executive Committee**

The Executive Committee is invited to take note of the information contained in this document.

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