



LEGAL COMMITTEE
90th session
Agenda item 8

LEG 90/8/2
17 March 2005
Original: ENGLISH

PLACES OF REFUGE

Provision of financial security to authorities in relation to vessels granted a place of refuge

Submitted by the International Group of P&I Clubs

SUMMARY

Executive summary: This submission encloses a corrected version of the proposed standard form letter of guarantee submitted to the last session of the Legal Committee by the International Group of P&I Clubs (International Group) in relation to vessels granted a place of refuge.

Action to be taken: Paragraph 4

Related document: LEG 89/7/1

Introduction

1 It will be recalled that, at its eighty-ninth session, the Legal Committee agreed that the paper submitted by the International Group of P&I Clubs (document LEG 89/7/1), annexing a standard form letter of guarantee in relation to vessels granted a place of refuge, required further study.

2 The International Group has noted that the text of the standard form letter of guarantee annexed to document LEG 89/7/1 contains a number of minor errors.

3 The corrected letter, in which the changes are clearly indicated, is attached at annex to this document.

Action requested of the Legal Committee

4 The Legal Committee is invited to refer to document LEG 89/7/1 and to take note of its content, together with the corrected standard form letter of guarantee annexed hereto.

For reasons of economy, this document is printed in a limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.

ANNEX

**STANDARD LETTER OF GUARANTEE TO BE GIVEN TO PORT OR PROPER
AUTHORITY IN RELATION TO A SHIP SEEKING ENTRY
TO A PLACE OF REFUGE**

Dear Sirs,

Heading - Details of Ship, Casualty and Place of Refuge

In consideration of:

- 1) your agreeing to the entry into port ~~of~~ or other place of refuge, of the (name of ship) and;
- 2) your agreeing not to arrest or detain the (name of ship) or any other ship or property in the same or associated ownership, management, possession or control;

and upon condition that:

- 1) such refuge is given and;
- 2) the (name of ship) or any other ship or property in the same or associated ownership, management, possession or control is not arrested or detained by you:

we (name of Club) hereby undertake to pay you, within 14 days of receipt by us of your written demand, such sum or sums as may be found by the final unappealable judgment of a Court of competent jurisdiction (or name of specific Court having jurisdiction) or agreed in writing between us to be due to you from (name of Owners) the Owners [(name of Bareboat Charterers) the Bareboat Charterers] of the [name of ship] in respect of (i) the removal, destruction or marking of the wreck of the [name of vessel] and/or (ii) any pollution clean-up or pollution prevention expenses (individually and collectively "the Claims"), provided always that our liability hereunder shall be:

- 1) limited in any event to the total aggregate sum of US\$10 million (Ten million United States dollars), less:
 - a) any amounts we (name of Club) have paid under any Certificate of Financial Security issued by us or on our behalf in respect of or relating to the Claims; and
 - b) any amounts paid or payable by (name of Owners) the Owners [(name of bareboat charterers) the bareboat charterers] of the (name of ship) or by us in respect of or relating to the Claims, whether paid under this Guarantee or otherwise; and

- c) any amount equal to any limitation fund(s) constituted by us and/or (name of Owners) the Owners [(name of bareboat charterers) the bareboat charterers] of the (name of ship) ~~may have to limit their liability under~~ **in relation to the Claims in accordance with** any applicable law; and
- 2) without prejudice to or waiver of:
 - a) any rights (name of Owners) the Owners [(name of bareboat charterers) the bareboat charterers] of the ~~same~~ (name of ship) may have to limit their liability under any applicable law or convention;
 - b) any rights (including the right to limit liability) or defences which we (name of Club) may have under any applicable law or convention

We hereby further undertake, when called upon to do so, to instruct solicitors in (name of appropriate city), to accept service of any proceedings issued on your behalf in connection with the above incident and hereby confirm that we have irrevocable instructions and authority from (name of Owners) Owners [(name of bareboat charterers), the bareboat charterers] of the (name of vessel) so to do and further to agree that any claim of each party against the other and **any and** all disputes between the parties arising from this incident shall be exclusively determined by a competent.....court (or name of specific court).

This guarantee shall be governed by and construed in accordance with law.
