

# **GI WACAF second webinar series on oil spill preparedness and response**

## **Webinar #5: The international liability and compensation regime (part 1)**

Introduction to the P&I Clubs & the International Group of P&I Clubs - Pollution

Julien Rabeux, David Baker,  
International Group of P&I Clubs

[www.igpandi.org](http://www.igpandi.org)



**IGP&I** International  
Group of  
P&I Clubs

## GI WACAF: Webinar #5 the international liability and compensation regime

---

- Role of P&I Clubs: (i) Scope of insurance (P&I) cover,  
(ii) The International Group of P&I Clubs
- International Convention on Civil Liability for Bunker Oil Pollution Damage (2001) (the “Bunkers Convention”):
  - Key provisions
  - Convention financial guarantee certificates (“blue cards”)
  - Role of P&I Clubs
  - Right of Limitation of Liability and LLMC regime
- Summary

## What are P&I Clubs?

---

**P&I Clubs** = insurance companies

**Insure third** party liabilities relating to the use and operation of ships = Protection & Indemnity 'P&I' cover

**P&I cover** incorporates cover for losses, claims, damages arising from:

- **Ship-sourced pollution damage**, including **oil pollution (bunkers and cargo)**
  - **Death and personal injury** to passengers and crew
  - **Damage** to fixed & floating objects
    - Terminals, wharfs, gantry cranes, piers etc.
  - **Wreck removal**
  - **Cargo loss/damage**
- P&I COVER IS NOT:**
- Hull & Machinery (H&M) cover

## What is the International Group of P&I Clubs?

---

- **Grouping of 13 of the major** P&I Clubs worldwide
- 13 P&I Clubs provide P&I insurance cover to over 90% of world ocean-going tonnage
- **Total entered** tonnage in 13 International Group Clubs approx. 1.21 bn GT
- C. 65,000 vessels
- Over 95% of all ocean going tankers
- **Healthy competition** outside International Group: particularly in the smaller vessel sector

# The 13 International Group P&I Clubs:

IGP&I

UKP&I

gard

WEST.

SHIPOWNERS

SKULD

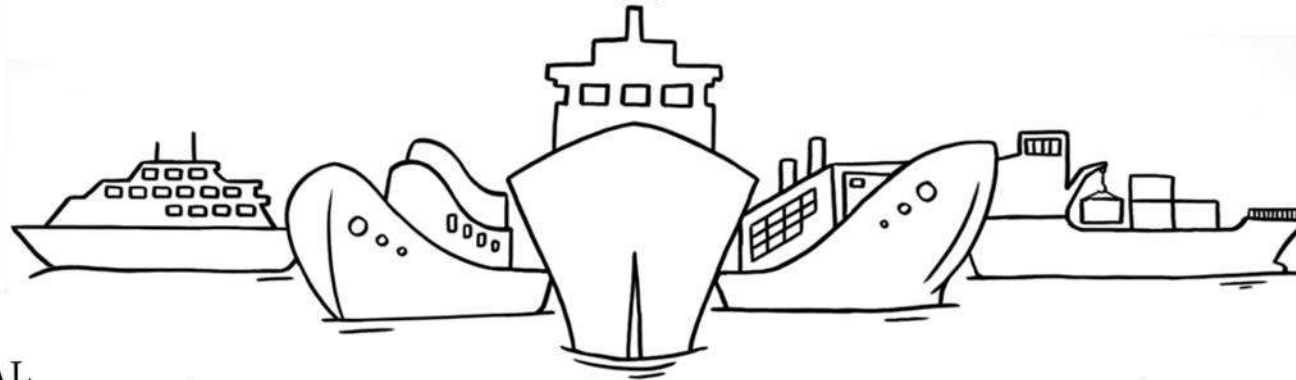
THE AMERICAN CLUB  
100 YEARS OF SERVICE  
1917 2017

North

Standard Club

The Swedish Club

BRITANNIA P&I  
TRUSTED SINCE 1855



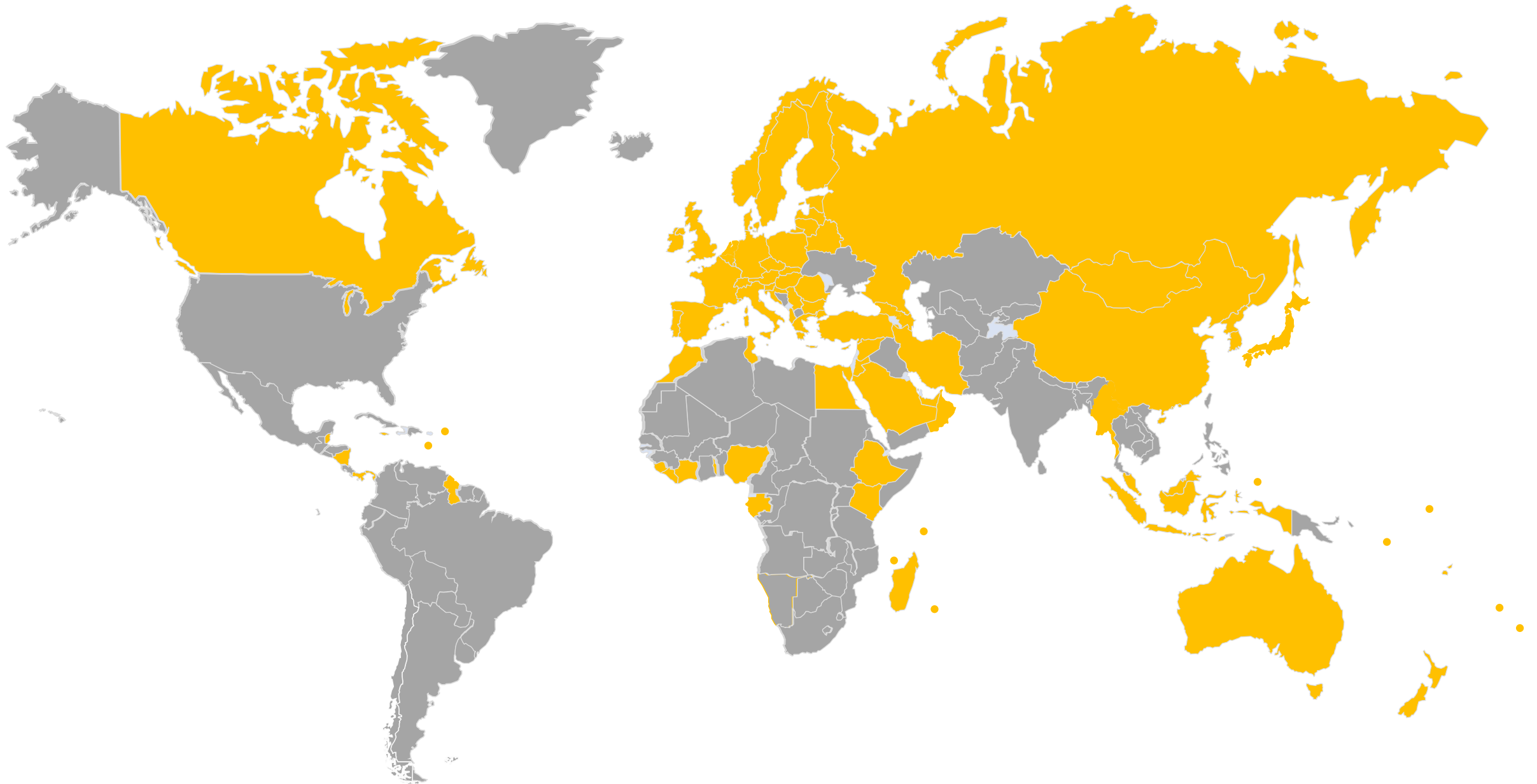
The London P&I Club

STEAMSHIP MUTUAL

JAPAN P&I CLUB  
日本船主責任相互保険組合

Grouped together to form

IGP&I



2001 Bunkers Convention – 102 States Parties worldwide:



## 2001 Bunkers Convention – key provisions – similar to/based on 1992 CLC

---

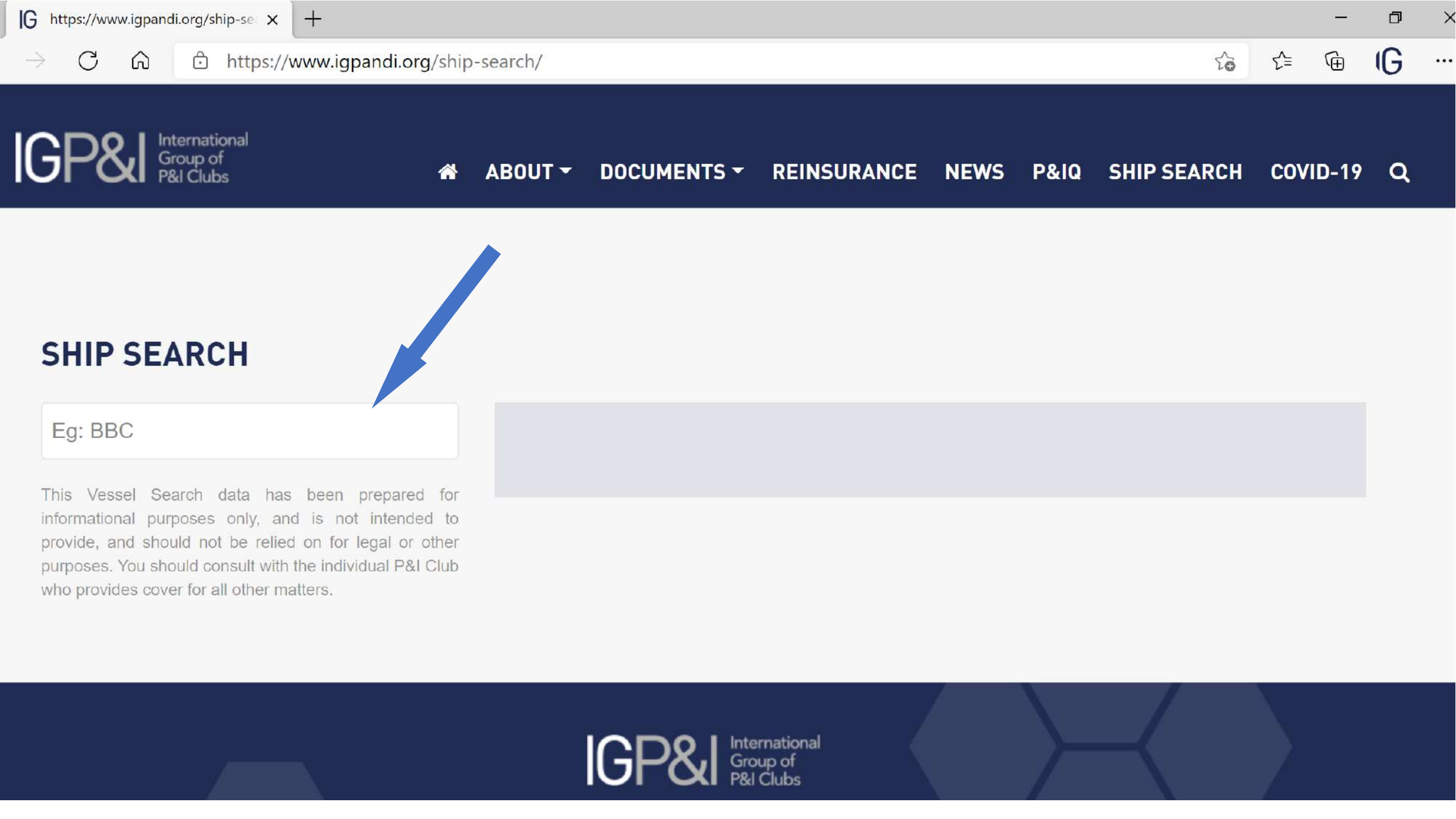
- Applies to spills of “**bunker oil**” from all types of ship, **except dirty (CLC) tankers** – Article 1
- “**Pollution Damage**” (including “**preventive measures**”) – similar to 1992 CLC (Article 1)
- **Strict Liability** of the ‘shipowner’ (as defined in Article 1) = registered owner, bareboat charterer, manager and operator of the ship – similar to 1992 CLC?
- **Pollution Damage - Liable** for what?
  - Preventive measures/clean-up
  - Damage to property
  - Economic loss caused by contamination
  - Restoration of the environment - measures must be reasonable/proportionate
    - Same **exceptions** from liability as the 1992 CLC
- **Geographical scope applies** in:
  - Territory, territorial waters and EEZ or equivalent area, and preventive measures wherever taken – same as 1992 CLC

## 2001 Bunkers Convention – **key provisions** – similar to/based on 1992 CLC?

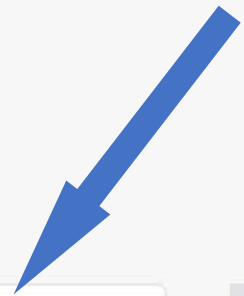
---

- **No limitation regime for the shipowner** (i.e. compensation levels) within the Convention – dependant on national law or separate global limitation regime (LLMC)
- No additional **compensation fund** such as the 1992 IOPC Fund or 2003 Supplementary Fund
- **Compulsory insurance (financial security) requirement** for ships > **1000 gt**:
  - Convention financial security (insurance) **always limited** to 1996 LLMC Protocol limit
- Only on **the registered owner** to maintain financial security (see Article 7) – not other parties
- Claimants have a **right of direct action** against the insurer (normally a P&I Club) (see Article 7)
- **State Bunkers Convention certificates** evidencing insurance cover (see Article 7)
- **Bunkers Convention Insurance (blue cards)** certificates issued by P&I Clubs to registered owner





## SHIP SEARCH



This Vessel Search data has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for legal or other purposes. You should consult with the individual P&I Club who provides cover for all other matters.

# SHIP SEARCH

Sea Beauty

This Vessel Search data has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for legal or other purposes. You should consult with the individual P&I Club who provides cover for all other matters.

Search results for 'Sea Beauty':

## SEA BEAUTY

IMO number: 9806627

Type: PRODUCTS TANKER

Club: West of England

Member: Arab Maritime Petroleum Transport Company

## Why are P&I Clubs of relevance to the Bunkers Convention?

---

### International Group P&I Clubs (IG):

- provide the insurance cover required by the 2001 Bunkers Convention:
- Most oil spills from ocean-going ships' bunkers involve ships with P&I cover with an International Group P&I Club
- Insurance cover for oil pollution damage **not dependant** though on IMO Conventions
- P&I Clubs handle, assess and pay Bunkers Convention claims – **no IOPC Fund involvement**
- **Issue** Bunkers Convention blue cards (same as 1992 CLC) evidencing Convention insurance

### Limitation of Liability under the Bunkers Convention for an owner's liability?

- No dedicated limitation of liability regime in the Bunkers Convention
- Shipowner's **right to limit liability** and available compensation? See Article 6 of the Convention

## **Bunkers Convention:** Limitation and amounts of compensation for “pollution damage”

---

Bunkers Convention Article 6:

*“Nothing in this Convention shall affect the right of the shipowner and the person or persons providing insurance or other financial security to limit liability under any applicable national or international regime, such as the Convention on Limitation of Maritime Claims, 1976 [LLMC 1976], as amended [1996 LLMC Protocol]”*

LLMC 1976 + 1996 LLMC Protocol

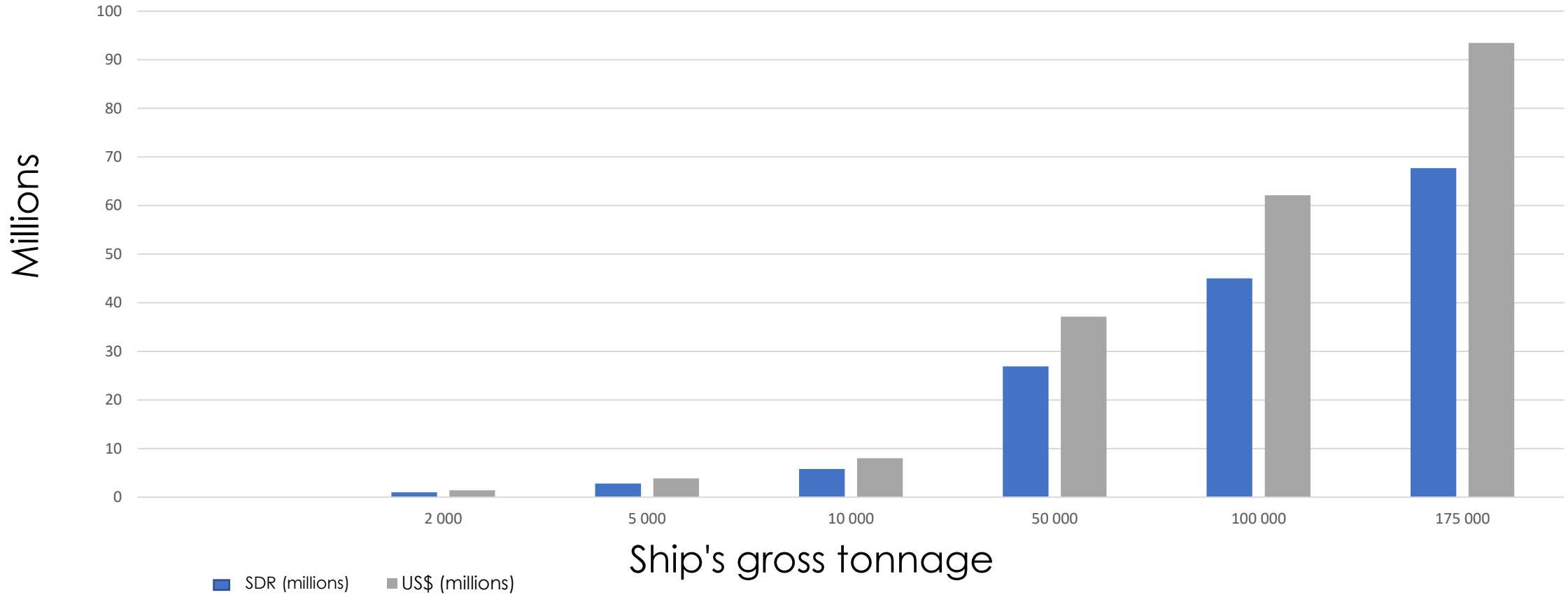
LLMC 1976, Art. 2(1):

*Claims subject to limitation include:*

*(a) claims in respect of ..... damage to property...*

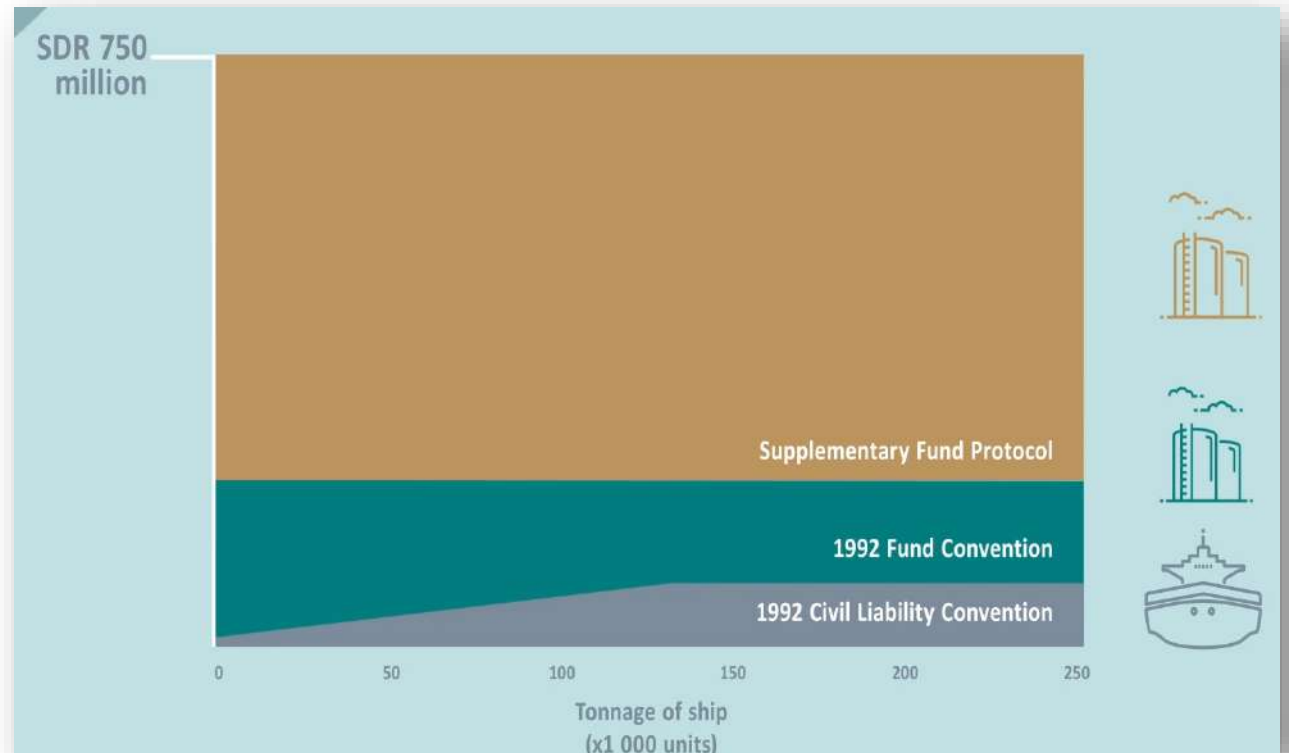
*(d) claims in respect of the raising, removal, destruction or the rendering harmless of a ship which is sunk, wrecked, stranded or abandoned, including anything that is or has been on board such ship;*

## 1996 LLMC Protocol limits by ship size (gross tonnage) – bunker oil pollution damage



## Key differences between 2001 Bunkers Convention and 1992 CLC/Fund system?

- No 1992 IOPC Fund/Supplementary Fund or other fund of additional compensation available above owner's limit of liability.
- Only the shipowners/P&I Club handling, assessing (with ITOPF's assistance) and paying claims. No IOPC Fund involvement.



## Conclusions: Why is the Bunkers Convention important?

---

- **Governs** liability and compensation for those who incur pollution damage caused by spills of oil from ships' bunkers – no previous global regime prior to 2001
- **Amicable settlements, avoiding court involvement** – strict liability, rights of direct action etc.
- **Application is uniform when widely ratified:** Important for claimants in terms of certainty as well as for owners and insurers
- Everyone should get **equal treatment**
- **Many more** spills of oil from ships' bunkers than oil when carried as cargo
- **Important** to also ratify the most up to date LLMC limitation regime i.e. **1996 LLMC Protocol!!**

IGP&I

Thank you!

Julien Rabeux & David Baker  
International Group of P&I Clubs

[www.igpandi.org](http://www.igpandi.org)

IGP&I International  
Group of  
P&I Clubs