

Conference on Risk & Marine Insurance

Confluence of Maritime & Insurance Sector

on 19th Dec., 2015

At TMI Campus, Induri, Pune 410507

Kapil Dev Bahl

VERTICALS



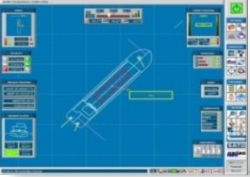
H&M, Cargo & Liability Surveys



Dynamic Positioning Services



Project Management Services



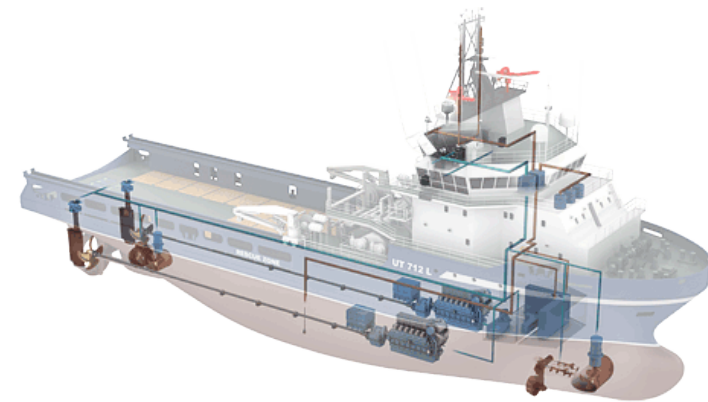
Design & Engineering Services



Cargo Inspection & Lab Analysis Services

DYNAMIC POSITIONING SERVICES

- **FMEA / FME(C)A**
- **Proving / Annual Trials**
- **Gap Analysis / Conversion**
- **DP Design Review**
- **Witness FATs & CATs**



PROJECT MANAGEMENT SERVICES

- **New Builds, Repairs & Retrofits**
- **SY audit and P. F. Mapping**
- **LIE**
 - **Validating CTC &TTC**
 - **Validating Cash Flow Projections**
 - **Monitoring On-Site Work Progress**
 - **Vendor Base Enhancement**
 - **Equip / Mtrl Procurement Assessment**



DESIGN AND ENGINEERING SERVICES

- **Bollard pull calculations**
- **Mooring analysis**
- **Sea Fastening Design and Calculations**
- **Jacket Floatation and Upending Analysis**



H & M and CARGO INSURANCE

- **HULL, MACH. & EQUIP; DAMAGE / LOSS**
- **CARGO; DAMAGE / LOSS**
- **SALVAGE**

LIABILITY INSURANCE

Legal liability may conceptually arise

- **In Tort**
- **Under various statutes**
- **Contractually**

LIABILITY INSURANCE

- **PERSONNEL** (crew, passenger, shore, stowaways)
- **PROPERTY** (fixed or floating objects)

[damages aoo collision, grounding, pollution]

- **WRECK REMOVAL**

- **CGO DAMAGE, CGO PROPORTION OF GA**

PROTECTION & INDEMNITY INS. HISTORICAL PERSPECTIVE

- **Injury or loss of life liability (g/b Common Law)**
- **Protection Club est. 1855 - liabilities in excess of S.I.**
- **Indem Club est. 1874 - liabilities for loss of / dmg to cgo**

P & I CLUBS; SALIENT FEATURES

- **Mutual Association**
- **Policy year 20 Feb**
- **Advance call**
- **Supplementary calls**

P AND I CLUBS; STRUCTURE

- **Ship-owners elect Board of Directors**
- **Board appoints Manager, who charges administration fee to the Club**
- **Manager appoints Correspondents, Surveyors, Lawyers; world-wide**

P AND I CLUBS; STRUCTURE

Management structured in 3 divisions:-

- **Underwriting**
- **Claims Handling**
- **Loss Minimization**

P AND I CLUBS; UNDERWRITING

Rating based on

- **Variation in sophistication of ships**
- **Variation of cargoes carried**
- **Variation in Sea Routes**
- **Record of PSC Detentions**
- **Record of Claims**

P AND I CLUBS; CLAIMS HANDLING

- **Insured risk vs Reasonable claim**
- **Claim up to 5 million USD settled by individual club**
- **Excess up to next 25 million contributed rateably by the members of “International Group”**
- **Excess risk up to 1500 million USD placed by IG in established reinsurance markets**
- **Excess loss towards oil poln reinsured up to 500 million**

P AND I CLUBS; CLAIMS HANDLING

1967 Torrey Canyon, Scilly Isles

1975 Intn'l Convtn on Civil Liab for Oil Poln Damage (1969 CLC) enters into force.

Limits ship-owner's liability to 14 million SDR

1978 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage IOPC Fund Convention enters into force. Limit of liability increased to 30 million SDR per incident, including amount paid under 1969 CLC

P AND I CLUBS; CLAIMS HANDLING

- 1979** Increased to 45 million SDR
- 1980** Tanio
- 1986** Increased to 52 million SDR
- 1987** Increased to 60 million SDR
- 1989** Exxon Valdez
- 1991** Haven
- 1996** Intn'l Contn on Civil Liability for Oil Pollution Damage (1992 CLC - supersedes 1969 CLC), ratified or acceded by 130 states & enters into force

P AND I CLUBS; CLAIMS HANDLING

Applies to

- **Pollution Damage**
- **In territorial sea / EEZ of member states (regardless of where the incident actually occurred)**
- **From spill or escape or discharge of persistent oils cargo**
- **From laden tankers**
- **Regardless of ownership of the ship or the oil**

P AND I CLUBS; CLAIMS HANDLING

Compulsory ins by liab insurer (P&I Club) or other financial security

VsIs owned by govt and operating in non-commercial service (carrying out sovereign functions) do NOT need insurance, but a government certificate to the effect that liability under the convention is covered

Strict Liab of ship-owner, i.e. liable even in absence of fault unless ship-owner can prove that

- **Damage due to act of war or hostilities**
- **Wholly caused by 3rd Party, with intend to cause damage**
- **Grave Natural Disaster of exceptional or inevitable character**
- **Caused by negl wilful act of auth resp for maint nav. aids**

P AND I CLUBS; CLAIMS HANDLING

In exchange, ship-owners entitled to limit liability as follows

< 5000 GRT 4.51 million SDR

< 140,000 GRT 4.51 + 631 million SDR per addnl GRT

Max. Liability 89.77 million SDR

Scope of financial compensation for pollution damage

- **Actual cost incurred to minimize damage to envi**
- **Actual cost of prop damaged, e.g. to fishing boats , gears**
- **Actual cost incurred to reinstate contaminated environment**
- **Economic losses LOP, e.g. to fishermen, hotels**

P AND I CLUBS; CLAIMS HANDLING

Claim directly against owner or insurer, NOT against crew, pilot, charterer, manager, operator, salvor; unless damage is due to

- **Personal act or omission, committed with intend to cause damage OR**
- **Committed recklessly AND with knowledge that such damage would probably result**

The principle of “pay to be paid” in indemnity insurance, means that if the ship-owner is bankrupt and cannot pay, the insurer is not liable. But CLC is an exception, because third party can claim directly against the insurer

P AND I CLUBS; CLAIMS HANDLING

Limitations

- **Spill must be attributed to specific tanker**
- **Compensation determined by size of tanker regardless of amount spilled. Thus claim in case of spill in sensitive area from small tanker can exceed available compensation**

1996 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (1992 Fund Convention) ratified or acceded by 111 states (party to 1992 CLC) and enters into force. Operates in tandem with 1992 CLC

P AND I CLUBS; CLAIMS HANDLING

Applicable when

- **Damage > \$ 89.77 million OR**
- **Ship-owner exempt from liability (invoke exceptions) OR**
- **Ship-owner and Insurer are financially incapable**

Covers bunker spills from un-laden tankers and cargo spills from a tanker, even if specific tanker cannot be identified

Not applicable when

- **Damage occurred in state, which is no party to 1992 FC**
- **Spill from warship or spill due act of war**
- **Cannot be proven that damage resulted from ship(s)**

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P AND I CLUBS; CLAIMS HANDLING

Financed by entities in 1992 FC member states, who received > 150,000 tons of persistent (contributing) oils in CY

State has to inform, but payment made directly (state not responsible)

Average = 0.03 pounds per tonne of contributing oil

General Fund for admin expenses and payment up to 4 million per incident

In Nov 2003, maximum compensation payable was increased from 135 to 203 million SDR

India is signatory to 1992 FC; and is the 2nd largest contributor at about 11.2%, based on “contributing oil quantity” 162.5 million tonnes (2010)

Japan is the largest, at 15 % (218 million tons)

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P AND I CLUBS; CLAIMS HANDLING

	Million SDR
2003 SFP 3 rd Tier	Up to 750, includes amount payable under 1992 CLC and FC Irrespective of ship size
1992 FC 2 nd Tier	up to 203, includes amount payable under 1992 CLC Irrespective of ship size
1992 CLC 1 st Tier	Minimum 4.51 million. Max up to 89.77 million Ship-owner's insurance cover

P AND I CLUBS; CLAIMS HANDLING

In 2006, Consequent to the “2003 Supplementary Fund Protocol”, in order to maintain an equitable balance between the financial burden of the ship-owner and cargo owner, two voluntary compensation arrangements were introduced, on behalf of the ship-owners insured by the International Group of P&I Clubs

Tanker Oil Pollution Indemnification Agreement (TOPIA 2006)

- **> 29,548 GRT**
- **Voluntary**
- **Supplementary Fund is indemnified for 50% of amount paid in compensation in respect of incidents involving tankers, voluntarily entered with IG of clubs**

Re-insured through “Pooling Agreements”

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P AND I CLUBS; LOSS MINIMIZATION

- **Warranty**
- **Vessel General Condition**
- **Cooperation in bringing new legislation at IMO**
- **Newsletters, Circulars, Books, AV Training**

THIRD PARTY LIABILITY INSURANCE

Freight, Demurrage and Defense

- **Legal expenses in dispute (Defense of Action brought against Member)**
- **Assist recover sums which are due (Breach of Contract)**
- **Wrongly described bunkers, stores or negligent repairs**
- **Assistance for wrongful claim**
- **Statutory enquiries and formal investigations**

THIRD PARTY LIABILITY INSURANCE

- **TT Club**

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Specimen of Club LOU

In consideration of your consenting to the release from arrest and/or refraining from taking action resulting in the arrest of the above-mentioned ship or any other ship or property in the same ownership, associated ownership or management as the above-mentioned ship, for the purpose of founding jurisdiction and/or obtaining security in respect of the above mentioned claim against the owners of the above-mentioned ship or concerning the referred to above, we _____, hereby undertake to pay, within ____ days of your demand, such sums as may be adjudged by a competent court, by final judgment, not subject to appeal, or other competent tribunal or as may be agreed to be recoverable from the owners of the above-mentioned ship in respect of the said claim, provided that the total of our liability hereunder shall not exceed the sum of US Dollars _____, inclusive of interest and costs. This undertaking shall be governed by and construed in accordance with English law. Eng HC shall have jurisdiction to hear and determine any action brought by you to enforce the provisions hereof.

Specimen of R&R

We hereby cnfm that we have received from ____ the sum of ____ in full and final settlement of all claims in respect of damage to ____ referred above. All claims of __ and other interested parties against the above vessel, her owners, charterers, servants, agents, managers and/or underwriters (herein after referred to as the released parties) have been fully and finally settled by such payment and no further claims will be raised relating to the above captioned incident. We have not sold, assigned, conveyed, or otherwise transferred to any person or entity any interest in any claim or demand, which we had against the released parties. We agree to defend, indemnify and hold the released parties herein harmless from any and all claims arising from or related to the above captioned incident. This settlement is not to be construed as an admission of liability. This RR shall be construed and interpreted in accordance with the laws of _____. Any disputes arising out of the subject matter of this Receipt and release-agreement shall be decided by courts/arbitration in ____ to whose jurisdiction the parties agree.

DEATH OF CREW AND STEVEDORE

- **Gearless Bulk carrier**
- **Cargo holds 8; DWT 100,000**
- **Year built 2010**
- **Hatch covers:- steel Macgregor, side rolling type, hydraulically operated**

Hold # 4

Fully enclosed spiral type ladder at the aft bulkhead

Vertical ladder at the forward bulkhead

Size of each access hatch opening:- 750 x 750 mm.



Access ladder to spiral ladder





**Cargo holds are naturally ventilated.
Three vent ports located at the vertical section, each side**





FIRE ABOARD CHEMICAL TANKER

- **Double hull, Oil & Chemical Tanker**
- **Year Built 2011. LOA 117 mtrs**
- **Summer Deadweight 7000 metric tons**
- **Ballast & Cargo ops – CCR**
- **Vessel discharging hexane**
- **Boat secured on the offshore side**



SWL 2T

CHIEF BRIG
VALLETTA



VIETATO FUMARE - NO SMOKING

PREVENT ACCIDENT

PREVENT POLLUTION

125 MC
8000KG

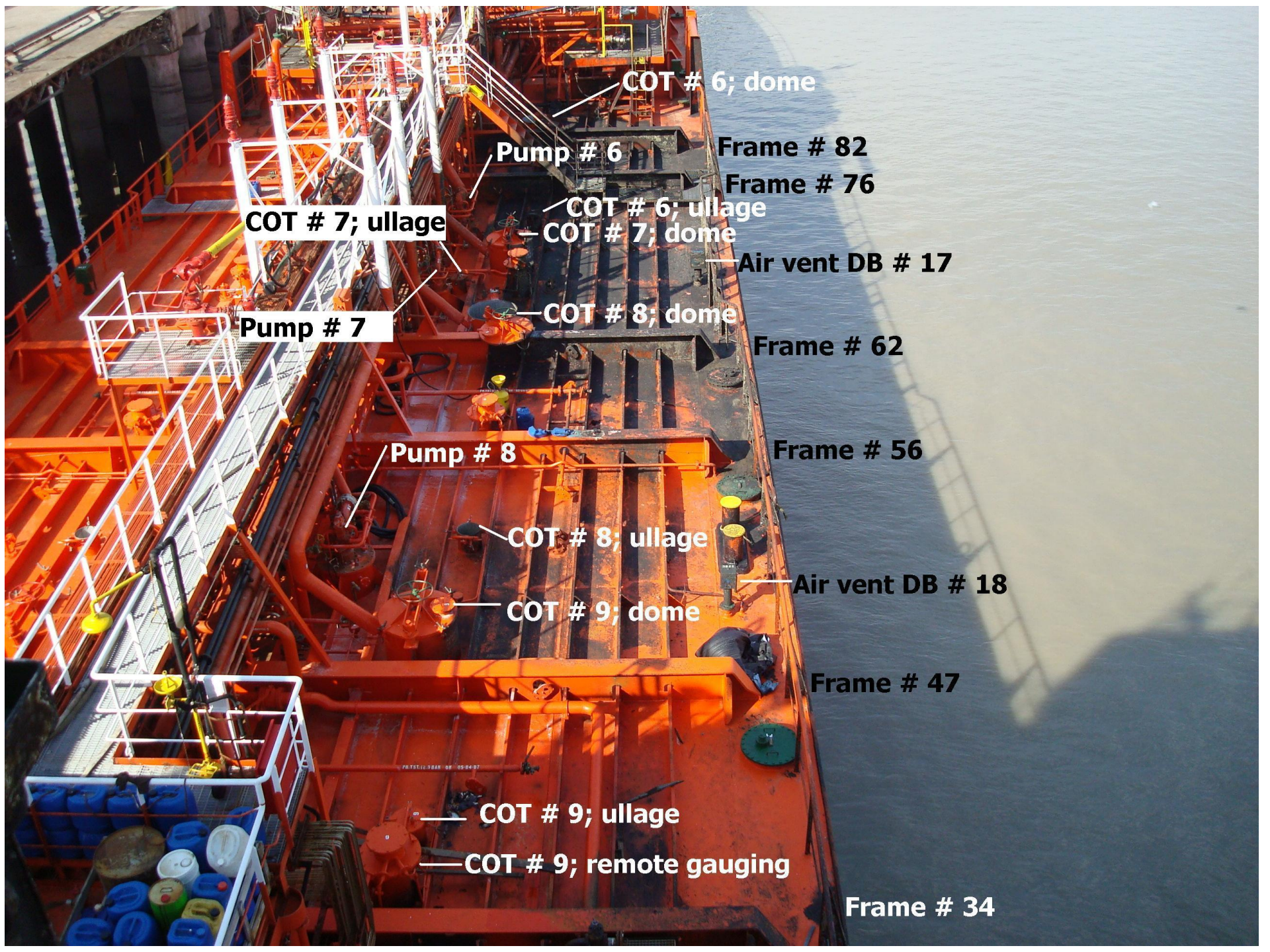


VIETATO FUMARE - NO SMOKING

IMO NO
8610435

PREVENT ACCIDENT





COT # 6; dome

Pump # 6

Frame # 82

Frame # 76

COT # 6; ullage

COT # 7; dome

Air vent DB # 17

COT # 7; ullage

COT # 8; dome

Frame # 62

Pump # 7

Pump # 8

Frame # 56

COT # 8; ullage

Air vent DB # 18

COT # 9; dome

Frame # 47

COT # 9; ullage

COT # 9; remote gauging

Frame # 34

VIETATO FUMARE - NO SMOKING

IMC NO
8610435

PREVENT ACCIDENT

PREVENT POLLUTION





VIETATO FUMAR

PREVENT ACCIDENT

HIGH LEVEL ALARM

TANK OFFERS

1 m
86

SAFETY

BFO 22
24

VENT

R45
ALCO OIL

Properties of Hexane:

Colorless liquid

Highly inflammable

Insoluble in water

Evaporates rapidly. Vapors are heavier than air & can travel long distances along ground before igniting and flashing back to vapor source or may explode

MASTER' S ALLEGATION

Loud explosion in boat - fire

Wooden pieces landed on main deck – fire

Loss of life, injuries and damage to ship

BOAT' S ALLEGATION

Cargo spilled overboard, caught fire, spread to boat

Boat exploded - sunk

Loss of lives, injuries and total loss of the boat

DB BWT over-flowed on deck

Vessel developed a 3 degree list to stbd

Double valve segregation - leakage from one tank to another can be ruled out.

High level alarm and Overflow alarm - neither of which sounded

Main deck surrounded by fish plate

Athwart ship coaming forward of the
accommodation

Scupper drain plugs had not been unplugged.

Vessel awareness of security procedures in port

Cargo vapors on deck - smell

Ship's emergency alarm

Boat crew cook meals

Boat engine exhaust

External vs. Internal Fire:-





Hexane insoluble in water

Highly flammable

Cargo vapors on deck

Sparks produced by engine exhaust of boat

Opinion

On the balance of probabilities, the cause of the fire was

PROPERTY DAMAGE – SHORE CRANE



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PROPERTY DAMAGE



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PROPERTY DAMAGE



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PROPERTY DAMAGE



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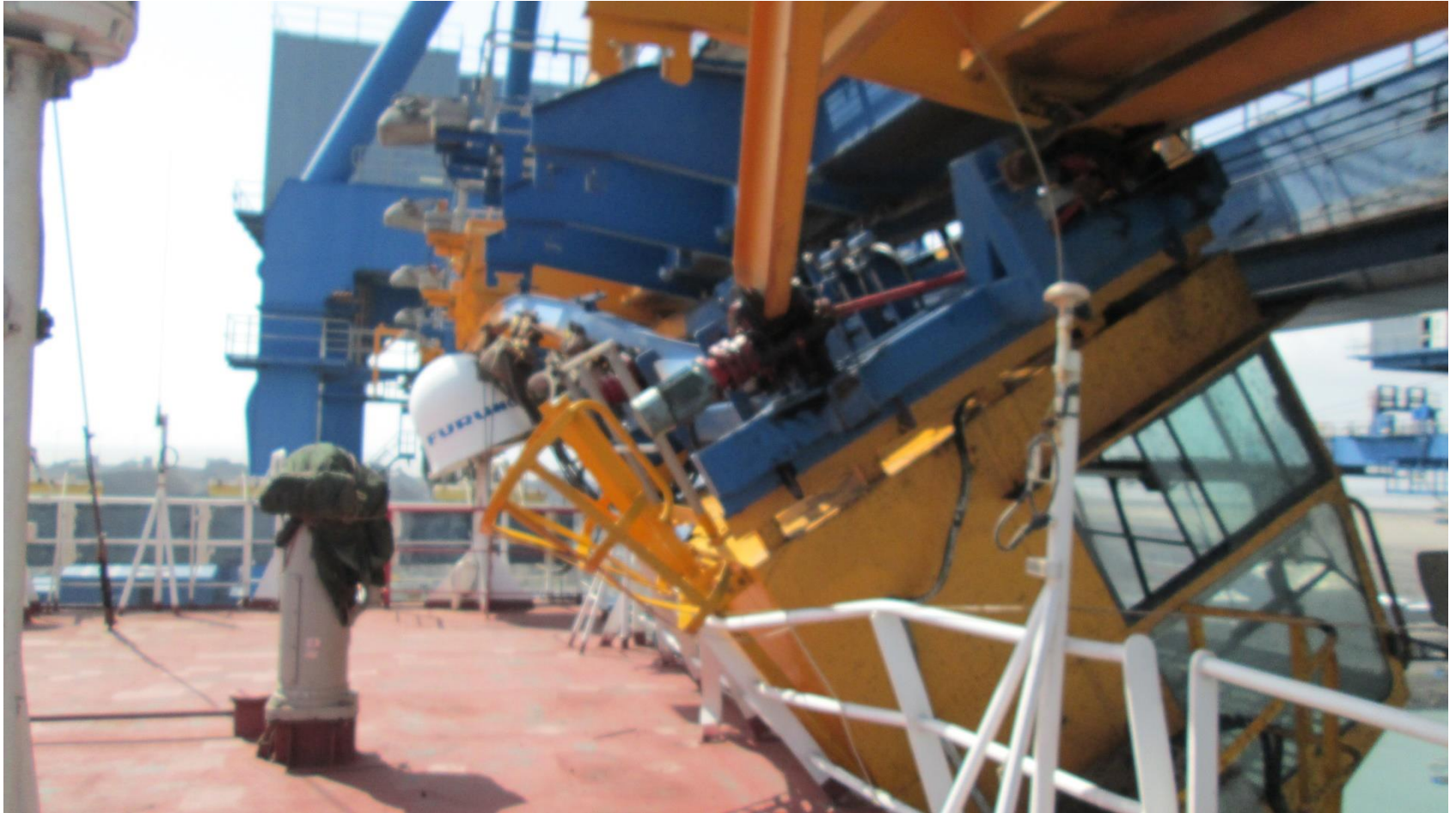
PROPERTY DAMAGE



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PROPERTY DAMAGE



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PROPERTY DAMAGE - MOORING



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PROPERTY DAMAGE - MOORING



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PROPERTY DAMAGE - MOORING



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PROPERTY DAMAGE – C. BELT



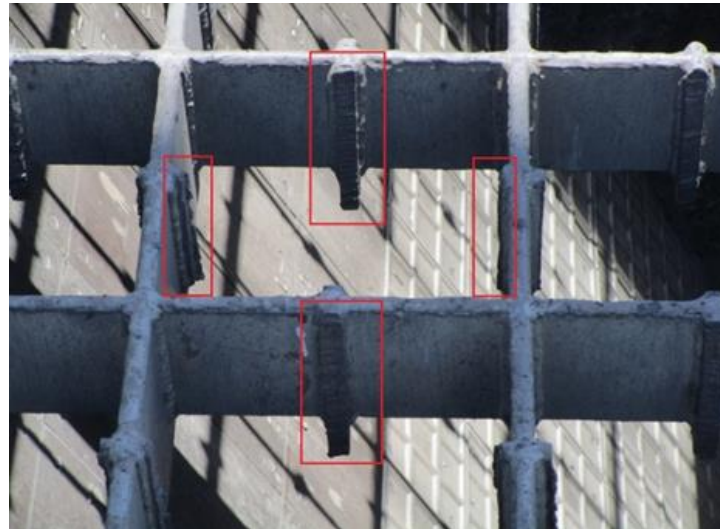
PROPERTY DAMAGE – C. BELT



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PROPERTY DAMAGE – C. BELT



PROPERTY DAMAGE – C. BELT



PROPERTY DAMAGE – C. BELT

