Welcome... to the April 2013 edition of Signals. This newsletter provides information relating to loss prevention and other topical issues and examines the implications and consequences for ship operators and seafarers.

IN THIS ISSUE

This issue addresses a wide variety of topics including stowage of break bulk cargo, safe navigation, lifeboat safety, charterparty clauses, crew health and environmental topics.

Stowage of break bulk cargoes on general cargo ships and bulk carriers is causing concern as there have recently been a number of reports of vessels loading break bulk cargoes where the loading, stowage and securing of cargo has been carried out to a very poor standard. This issue highlights the problems and discusses some of the steps ship operators and ships’ masters can take to ensure cargo stowage and securing is adequate for the intended voyage.

Piracy and safe navigation are regular topics in Signals. The growing risk of piracy in West Africa is highlighted in an article that considers how to assess and respond to the threat.

Issue 91: April 2013

LOSS PREVENTION NEWSLETTER FOR NORTH’S MEMBERS

This issue also includes a collision case study, which follows on from the recent publication of North’s loss prevention guide Collisions: How to avoid them. The case studies are intended to promote wide-ranging discussions about collision avoidance as a means of raising professional awareness.

Lifeboat safety remains a very topical issue and North has for many years been a strong advocate of taking proper precautions to ensure the safety of seafarers engaged in lifeboat drills. This edition of Signals includes an update on new regulations being introduced by the International Maritime Organization to review compliance of lifeboat on-load release hooks with new safety requirements.

A number of legal articles are included, which have the common theme of ensuring that clauses in charterparties are properly considered and framed. Among the types considered are clauses related to arbitration, bunker standards and liability regimes. An article reproduced by courtesy of BIMCO is also included, highlighting the dangers associated with accepting unauthorised copies of BIMCO standard contracts.

Signals regularly includes different fitness regimes to help seafarers keep fit on board. This issue gives suggestions for a new routine based on boxing training that is a great cardiovascular exercise. It has the advantage of requiring minimal or no special equipment. Details are also provided of two new schemes which North supports, both providing high levels of medical service to seafarers who are injured or become ill on board ships. The First Call medical facility is a dedicated service for crew injury and illness matters in the USA and Ship to Shore Assist is a new medical service to assist Filipino seafarers who have been repatriated. The aim of both services is to ensure seafarers receive high quality medical treatment that is managed in a cost-effective manner.

Finally, a number of environmental topics are considered, including the introduction of revised international regulations on the disposal of garbage, an update on national and local regulations governing oil pollution response in China and the supply of alternative electrical power to ships berthed in California, USA.

We hope you find these topics and the others covered in this edition of Signals interesting and useful. Up-to-date information about these and many other topics can be found on the loss prevention pages of the Club’s website: www.nepia.com/loss-prevention
LOADING AND SECURING BREAK BULK CARGOES

There have been a number of recent incidents where the loading, stowage and securing of break bulk cargoes on vessels have been carried out to a very poor standard and as such are inadequate for the intended voyage. Poor loading practices have been particularly prevalent in Chinese ports.

Problems include loading cargo with visible signs of damage; stacking incompatible cargoes such as containers, steel and vehicles over jumbo bulk bags; insufficient dunnaging; lack of proper tonning or shoring; and improper or insufficient use of lashings. Lashings have been seen secured to structures which are not designed for their use, such as ladders and pipework, or to poorly fitted temporary lashing points.

Such practices have led to a number of problems on board including cargo shifting, stows collapsing during the voyage and deck load limits being exceeded. These situations have led to potential stability problems and to damage to the vessel and cargo, and items of cargo being lost overboard, resulting in substantial claims.

Preparing a Detailed Loading Plan

Prior to loading any break bulk cargo, a detailed loading plan should be prepared based on the requirements of the Code of Safe Practice for Cargo Stowage and Securing (CSS Code) and the ship’s Cargo Securing Manual (CSM). This must include lashing and stability calculations.

Completing the loading plan and securing and stability calculations becomes even more critical when the vessel is scheduled to load at multiple ports.

It is vital that accurate information on all cargo to be loaded is provided well in advance of loading, to ensure the loading plan is effective. This includes dimensions, weight, centre of gravity, location(s) of securing points, and whether the unit is fragile and must be positioned on the top of the stow, or is rigid and suitable for other items of cargo to be loaded on top.

Responsibility for Stowage and Securing

Responsibility for the stowage and securing of the cargo, in particular under time charterparties, may fall to charterers. However, this is not always the case. For example, as a matter of common law, the responsibility will lie with owners so it is essential that Members and masters are familiar with the specific charterparty terms under which the ship is operating.

There have been cases where masters were unaware that the owners were responsible under the charterparty for loading and securing the cargo. As such, no instructions on how loading and securing was to be conducted were given to the stevedores and therefore there was no supervision of the stevedores or lashing gangs.

Irrespective of who has responsibility for loading and securing cargo under the terms of the charterparty, masters have an overriding duty and authority under the International Convention for the Safety of Life at Sea (SOLAS), Chapter V, Regulation 34-1, to take any action deemed necessary to ensure the safety of the vessel. While this authority allows masters to challenge charterers and/or stevedores in situations that may pose a hazard to the vessel, care should be exercised in how this is carried out.

Understanding Different Supervision Duties

It is therefore extremely important not only for parties to establish their contractual obligations in relation to cargo operations, but also to understand the different duties regarding responsibility and supervision.

If a party has responsibility for cargo operations, it has a duty to ensure that those operations are carried out as they would be by competent stevedores exercising due care for the safety and preservation of the cargo. This includes other cargo carried on the same voyage, persons who are likely to come into proximity with the cargo and the vessel itself.

If the operations are carried out to the standard of competent stevedores then a party will be discharged from liability and should not be held responsible for any resulting damage or loss.

On the other hand, supervision involves overseeing an operation and imposes a duty to inform the appropriate party if problems and/or issues arise with that operation. Prudent masters will wish to supervise cargo operations to ensure the seaworthiness of the vessel.

However, where charterers are responsible, specific instructions on what actions are to be taken should not be given by masters. They must ensure that their supervision does not become an intervention, as they may then be assuming responsibility for cargo stowage and securing and liability in the event of an incident. An intervention is defined as an act by a master that limits a charterer’s right of control of the stowage, which may then transfer the liability for that stowage from a charterer to an owner.

North is aware of instances where masters have challenged stevedores on the method of stowage and/or securing of the cargo and stevedores have ignored these objections. It is vital in situations such as these that masters exercise their authority and stop further loading until satisfied the stow is safe.

It is worth involving charterers as soon as any problems are discovered to minimise disruption. If concerns are not addressed by stevedores, a written note of protest stating the concerns and deficiencies should be issued.

Appointing a Supercargo

It may be beneficial for Members to consider appointing a local supercargo to assist masters, whether they are responsible for loading or are only required to supervise loading.

A supercargo will be able to communicate effectively with local stevedores, will be aware of local operating practices and will ensure that the master’s concerns (when supervising) or instructions (when responsible) regarding loading and securing of the cargo are clearly relayed to stevedores.

The appointment of a supercargo will not, however, relieve masters of their obligations under SOLAS to ensure the cargo is loaded, stowed and secured appropriately for the intended passage.

Members should also consider seeking advice from the vessel’s classification society and/or Flag State for any cargo stowage and securing operations outside the scope of the CSM or where modifications to the vessel are required.

New Poster Provides Guidance

The latest in North’s series of Cargo Wise posters highlights problems resulting from poor break bulk stowage. Entitled Stowage & Securing, the poster shows the aftermath of poor stowage and brief guidance on how to carry it out properly.

Further Information

The new Cargo Wise poster – Stowage & Securing – is enclosed with this issue of Signals for appropriate entered ships. North’s loss prevention publications can also be viewed and downloaded from the Club’s website: www.nepia.com/loss-prevention/publications-and-guides

North has published a comprehensive Loss Prevention Guide entitled Cargo Stowage and Securing which can be viewed on the Club’s website: www.nepia.com/loss-prevention/publications-and-guides/guides

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COLLISION CASE STUDY

North’s recently published loss prevention guide entitled Collisions: How to avoid them includes a series of collision case studies and plotting sheets. Additional case studies are published in Signals from time to time and the next of these is provided here.

Each case study is set out as simply as possible, with the minimum information necessary to describe a developing situation. It also asks a number of questions, but the answers are not provided because the case studies are intended to promote wide-ranging discussions on all aspects of collision avoidance.

Collisions: How to avoid them and its six case studies have already generated discussions about the International Regulations for Preventing Collisions at Sea (COLREGs), which have highlighted a range of opinions. This is what the Club hoped would happen and it is to be encouraged, because discussion and debate are one of the best means of raising professional awareness.

Scenario

A ferry needs to cross a Traffic Separation Scheme (TSS) heading south east. The ferry’s master decides that as he is the ‘stand on’ vessel, he will maintain his course and speed.

Six nautical miles off, a cruise ship is transiting the south west lane of the TSS. Its bridge is manned by the master, two officers on watch and a lookout. The bridge team assume the ferry will alter course under their stern and they maintain their course and speed.

At two nautical miles distance, the ferry reduced speed to let the cruise ship pass 0.6 nautical miles ahead.

Questions

1. Was this a safe situation?
2. Did the cruise ship do anything wrong?
3. Did the ferry do anything wrong?

Further Information

North’s Loss Prevention Guide entitled Collisions: How to avoid them can be viewed on the Club’s website: www.nepia.com/loss-prevention/publications-and-guides/guides

LIFEBOAT SAFETY – NEW IMO REGULATIONS

At the 89th session of the Maritime Safety Committee (MSC 89) in May 2011, the International Maritime Organization (IMO) adopted amendments to the International Convention for the Safety of Life at Sea (SOLAS), Chapter III, the International Life-Saving Appliances (LSA) Code and approved the related Guidelines for the Evaluation of Existing On-load Release and Retrieval Systems (OLRRS).

Under the regulations, lifeboat on-load release hooks that do not comply with the new design criteria will need to be replaced. In the meantime, fall prevention devices should be fitted at all times.

SOLAS

Under IMO Resolution MSC.317(89) new OLRRS requirements under SOLAS, Chapter III, Regulation 1.5.1 entered into force on 1 January 2013. This regulation applies to all ships and requires that at the first scheduled dry dock after 1 July 2014, and not later than 1 July 2019, OLRRS must comply with paragraphs 4.4.7.6.4 to 4.4.7.6.6 of the LSA Code (see below) or be replaced with equipment that does comply.

LSA Code

Under IMO Resolution MSC.320(89) new OLRRS requirements under the LSA Code, Chapter IV, entered into force on 1 January 2013. The main purpose of the revision of Chapter IV of the LSA Code is to prevent unexpected accidents during lifeboat drills and inspections. OLRRS must comply with the design criteria in Chapter IV described below. This is to ensure that if a lifeboat hook ‘fails’ it will remain in the closed position, unlike the majority of hooks currently in use which open when they fail.

- Regulation 4.4.7.6.4 – to provide hook stability, the release mechanism shall be designed so that, when it is fully in the closed position, the weight of the lifeboat does not cause any force to be transmitted to the operating mechanism.
- Regulation 4.4.7.6.5 – locking devices shall be designed so that they cannot turn to open due to forces from the hook load.

Guidelines for Evaluation of Existing OLRRS

Lifeboat OLRRS manufacturers are required to make an assessment of their equipment before 1 July 2013. OLRRS which are found not to comply with the LSA Code requirements will have to be replaced according to the requirements of SOLAS.

Use Fall Prevention Devices

Fall prevention devices should be fitted at all times, particularly until lifeboat OLRRS comply with the requirements of paragraphs 4.4.7.6.4 to 4.4.7.6.6 of the LSA Code.

Ship operators and masters should ensure that no crew are in lifeboats while being raised or lowered for launching during emergency training and drills (see SOLAS, Chapter III, Regulation 19).

Further Information

North has published a comprehensive Loss Prevention Briefing entitled Lifeboat Safety which can be downloaded from the Club’s website: www.nepia.com/loss-prevention/publications-and-guides/loss-prevention-briefings
The piracy threat to vessels and their crews in the Gulf of Guinea remains high. In a recent incident, a Nigerian product tanker was hijacked in waters off the Ivory Coast and 5,000 tonnes of gasoline was stolen from the vessel, which was in the hands of the pirates for several days. This article provides some guidance to Members and ships’ crews operating in the area.

Assessing the Threat

Vessel operators should carry out detailed threat assessments well in advance of a vessel visiting the area. There are various factors that the Company Security Officer (CSO) should take into account including the cargo to be carried, area of operation and ports to be visited, vessel operations and vessel type:

- **Cargo carried** – tankers carrying petroleum products, particularly gasoline and diesel, are at most risk of hijack by criminal gangs seeking to steal cargo. Other cargoes will have a lesser risk of hijack attached, but the risk of other crimes is still present.
- **Area of operation and ports to be visited** – the level and type of threat at different ports and within different areas of operation can vary over time. It is important that the threat level and type in a particular port, anchorage or area of operation is regularly assessed. This may require expert advice. At the very least International Maritime Bureau (IMB) piracy reports for the area should be monitored, but CSOs should be aware that not all incidents in the region, particularly in Nigeria are not reported to the IMB. Vessels engaged in supporting oil production and related activities are also at high risk of attack and of kidnap, particularly in the Niger Delta.
- **Vessel operations** – it is vital that vessel operations are assessed in detail as the types of operation being carried out will have a direct impact on threat level. Vessels engaged in ship-to-ship (STS) operations or those that are required to wait at anchorages or drift off ports for long periods all have an increased risk of being subjected to piracy of one kind or another. These vessels are a stationary target and measures such as razor wire, used on moving vessels in the Indian Ocean, will have much less of a deterrent effect on a stationary vessel. Identifying a threat at a busy anchorage, particularly at night may be problematic for the crew. Multiple merchant vessels, small navy or police patrol boats, traders in skiffs, small fishing boats and service vessels will all be moving around. Members should consider enhancing the night-time surveillance capability of vessels if the threat level is assessed to be high.
- **Vessel type** – some vessel types are easier to board than others, either due to their low freeboard or to other design features. Laden tankers which are the highest risk vessels in term of hijack will have the lowest freeboard. It may simply not be possible to prevent pirates boarding such vessels when they are stationary and enhanced vessel-hardening measures should be considered. Assessing the likely threat to the vessel depends very much on the local security situation and, as such, expert security advisors may need to be consulted. Several such companies exist which can provide general information on the security situation in West Africa and give specific advice relevant to a particular voyage.

Threat Response

Once the CSO has assessed the threat, appropriate measures should be taken to protect the vessel based on the level of threat assessed.

The threats in West Africa are different to those associated with Somali piracy and the different threats require a modified response. Simply replicating Somali anti-piracy procedures in West Africa is not likely to prove effective.

Measures to consider include keeping information confidential (need to know), vessel surveillance, vessel hardening and use of armed guards:

- **Need to know** – West African criminal gangs are more sophisticated than the Somali pirates. They have better vessel and cargo intelligence, access to weaponry, knowledge of shipping operations, links into black markets and alleged corrupt government or law enforcement officials. One obvious strategy would thus be to try and limit knowledge of the cargo to be carried and the most vulnerable operating locations, such as STS locations and anchorages.

In some cases, the actions of the crew have increased vessel vulnerability, for example by illegally selling bunker or lubricants remaining on board or cargo (usually petroleum products) at sea. As such, communications with third parties and ‘need to know’ within the company should be kept to the minimum required for safe operations.

- **Vessel surveillance** – good surveillance of, and communications with, the vessel, particularly when it is in a vulnerable area, will improve an operator’s ability to warn and utilise local military or law enforcement agencies that have been assessed as being capable of providing timely, effective support. However, the effectiveness of local agencies and military can vary greatly from location to location and expert advice may be required to assess the effectiveness of these forces in a vessel’s area of operation. An emergency surveillance and tracking plan should be developed before the vessel enters the high risk area.

- **Vessel hardening** – vessels operating in West Africa are often required to spend lengthy periods either drifting or at anchor. A stationary vessel is an easy target for pirates. Vessel hardening techniques used to protect moving vessels in the Indian Ocean are not likely to prove effective for stationary vessels.
When considering physical defences for a stationary vessel it may be more appropriate to think about the type of defences a land facility would require to make it secure from attack by armed gangs. Obviously this type of hardening can require considerable forward planning and cost and is another area where expert advice may prove invaluable.

- Armed guards – whereas the use of armed guards in the Indian Ocean is becoming routine, the West African situation is much less developed. There are a number of complications such as local legislation, operating across national boundaries, and the more complex types of operation that may be taking place, such as offshore support and STS operations.

Local laws may require that armed guards should be from the local government security forces. This introduces potential safety, security and political issues with the use of such guards, particularly if a vessel needs to operate in the territorial waters of more than one coastal state in the region. Employment of local security force armed guards customarily takes place via a local agency. North is aware that some agencies have been employing off-duty armed guards at less cost. However, this practice has led to problems, particularly in respect of operations across national boundaries, and to the suspension of legitimate armed guard services by a coast state in the area. Operators should seek to ensure that the agency they use is employing local security forces that are on duty, and as such are an informed and legitimate part of the local intelligence and military network.

Given the potential problems, Members should exercise extra care when assessing whether or not to use armed guards for West African operations. Members considering the employment of armed guards in West Africa should contact a member of the piracy team at North to discuss the situation.

Use of BIMCO Guardcon

BIMCO's Guardcon contract has been drafted specifically in response to the piracy situation in the Indian Ocean and with less consideration of the different circumstances found in West Africa. Members should therefore seek expert legal and technical advice if considering entering into a contract to engage armed guards to protect their vessels in West Africa.

Where a decision has been made to employ armed guards, the Club's piracy team should be sent a copy of the draft contract for review before it is signed by Members.

Industry Guidelines for Gulf of Guinea Region

Industry guidelines have been produced to assist owners in making their threat assessment and general understanding of the situation in the Gulf of Guinea. The industry guidelines rely heavily on best management practices (BMP4) which is specific to the Somali piracy problem and which may not prove wholly suitable for use in West African situations.

BIMCO provides standard forms for a variety of contracts and clauses that are considered proven and reliable to use. However, North is aware of occasions when such contracts or clauses have been ‘doctored’ and their meaning changed, which has had the effect of significantly undermining a Member’s position.

The following article, reproduced by courtesy of BIMCO, explains some of the problems that can be caused by unauthorised versions of BIMCO documents and how these can be overcome.

Bad Contracts Make Bad Business

The BIMCO Secretariat continues to receive regular reports from members and non-members alike who have been offered, and have unfortunately sometimes accepted, business on the basis of unauthorised copies of BIMCO standard contracts. These ‘home-made’ BIMCO forms often contain difficult to detect and onerous changes to the terms of the contract or are sometimes just riddled with typographical errors. The use of a form in the honest belief that it is a genuine BIMCO form is not illegal, but it can be a costly mistake. One of the benefits of using an authorised standard BIMCO form is that the unamended terms can be relied upon without having to proof check the document carefully. However, when using unauthorised versions of a standard BIMCO form, there is no guarantee that the wording of the form is identical to the authorised BIMCO version, even if it may look the same.

The types of differences that may arise are, for example, slight changes in wording that change the allocation of responsibility e.g., adding the word ‘not’ before ‘liable’. The risk to a party unknowingly accepting a BIMCO form that is not genuine is that they may be unwittingly agreeing to more onerous terms. In addition, this practice may also cause inconsistencies that result in a conflict between charterparty and bill of lading terms.

The assumption that a ‘home-made’ BIMCO form contains the same wording as an authorised copy can be an expensive one, not least because in the eyes of the law there is little excuse for not reading the terms of the contract by which you have agreed to be bound. BIMCO offers authenticated and secure electronic copies of all its contracts at a very reasonable price through its online contract editing system IDEA2; so it is simply not worth the potential risk to agree to terms in a counterfeit form. In any event, we encourage members and users of BIMCO forms to be vigilant and to ensure, insofar as is possible, that any document they sign is a genuine BIMCO form.

If you are in doubt over the authenticity of any contract that claims to be published by BIMCO, we encourage you to send a copy to BIMCO’s Legal and Contractual Affairs Department and, if possible, identify the source of the document. We can tell you straight away if it is a genuine copy or a fake.

North is grateful to BIMCO for permission to publish this article.

BIMCO’s Legal and Contractual Affairs Department can be contacted by E-Mail: documentary@bimco.org

Further Information

North has published a comprehensive Loss Prevention Briefing entitled West African Piracy which can be downloaded from the Club’s website: www.nepia.com/loss-prevention/publications-and-guides/loss-prevention-briefings

Members considering the employment of armed guards in West Africa, or submitting a draft contract for review before it is signed, should contact the piracy team at North: piracycontractreviewteam@nepia.com

IMB piracy information is available on its website: www.ice-ces.org/piracy-reporting-centre

Industry guidelines for Gulf of Guinea region can be viewed or downloaded from North’s website: www.nepia.com/publications/industrynews/ships/africa/1315

BEWARE OF NON-STANDARD CONTRACTS

BIMCO provides standard forms for a variety of contracts and clauses that are considered proven and reliable to use. However, North is aware of occasions when such contracts or clauses have been ‘doctored’ and their meaning changed, which has had the effect of significantly undermining a Member’s position.

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**ARBITRATION CLAUSES – KEEP THEM SIMPLE**

North has recently seen charterparties containing confused arbitration clauses. The advice, as in most cases, is to keep them simple.

For example, clauses may state the governing law of the charterparty is one country’s law, the seat of the arbitration is in a different country and the rules applicable to the arbitration are rules from an organisation in yet another country.

Clearly this is not the most straightforward way of drafting an arbitration clause and, if the relationships between the different laws and rules are misunderstood, the potential for unintended consequences and unexpected legal costs may be considerable. The benefits of arbitration can soon be lost if the arbitration agreement is unclear, too complex or sets out inappropriate choices of law or seat.

**Making the Right Choices**

When it comes to choosing the seat of the arbitration, some jurisdictions should be approached with caution. Further, certain jurisdictions may also have legal intricacies, which are very specific to that country and may not be foreseen by the parties.

For example, under Brazilian law there is a requirement that the responding party to an arbitration must consent to arbitration proceedings being initiated; there is no such requirement under English law.

When drafting arbitration clauses it is best to rely on choices of law and rules which have been used in arbitration agreements and developed over many years. This should then mean that the relevant law is based in a respected jurisdiction and the applicable rules will work in harmony with the chosen jurisdiction.

**Simplicity is the Key**

When drafting an arbitration clause, simplicity is often the key. However, the fact that an arbitration agreement is a jurisdictional clause as well as a dispute resolution mechanism must be addressed. As such, usually parties will want one law to govern their relationship. Unless there is some prevailing reason for this not to be the case, the law of the arbitration agreement should be consistent with the law of the contract as a whole.

Also, if Members want to ensure the seat of the arbitration will be the legal jurisdiction which has authority to supervise the conduct of the arbitration, rather than just being the geographical location for the arbitration hearings, then the law of the arbitration clause should be stated expressly rather than leaving the courts to decide.

**Singapore Arbitration**

If Members are choosing Singapore as the seat of the arbitration, and do not want the default arbitration procedures as defined in the International Arbitration Act for international arbitrations or the Arbitration Act for domestic arbitrations to apply, they should specify the chosen set of rules in the arbitration agreement.

The Singapore Chamber of Maritime Arbitration and the Singapore International Arbitration Centre both have their own sets of rules and, therefore, if Members want the rules of one of these bodies to apply then it should be explicit in the arbitration agreement.

**BUNKERS – BE SPECIFIC**

When ordering bunkers for a vessel, whether by the owner, manager or the charterer, it is strongly recommended to express explicitly that the fuel to be supplied is in accordance with the most recent edition of the International Organization for Standardization (ISO) standard for marine distillate and residual fuels, ISO 8217.

The requirement for ISO compliance is even more pertinent when drafting and agreeing charterparties. The bunker clause should refer to the required grade as described in ISO 8217 rather than the generic terms used for fuel.

**Risks of Using Other Standards**

Extra caution is advised when a standard other than ISO 8217 is proposed or used in a charterparty. Some national based standards do not identify the fuel for marine use and as a consequence it may not be suitable.

A good example is that ISO 8217 and the International Convention for the Safety of Life at Sea (SOLAS) both require the minimum flash point for marine bunker fuel to be 60°C. Other standards (such as automotive fuel) that are not specifically intended for marine fuel may allow a flash point significantly lower than 60°C.

**Watch Out for Sulphur Content**

Finally, it is worth remembering that although ISO 8217 states the maximum sulphur content for each grade, this may not be low enough to ensure compliance in an International Maritime Organization (IMO) Emission Control Area or with local environmental legislation.

To avoid confusion when agreeing bunkers, the grade as described in ISO 8217 and the maximum sulphur content should both be stipulated.

**Further Information**

North has published a comprehensive Loss Prevention Guide entitled Bunker Claims Prevention which can be viewed on the Club’s website: www.nepia.com/loss-prevention/publications-and-guides

**BE SURE OF YOUR LIABILITY REGIME**

North has recently dealt with a situation in which a Member was found to have unknowingly contracted on the basis of the Rotterdam Rules, potentially undermining its P&I cover.

The Member was in a pool and the pool managers had contracted on the basis of an EXXONMOBIL 2012 voyage charterparty. This provides that, unless another liability regime applies by force of law, the Rotterdam Rules will apply. The Rotterdam Rules are not yet in force and it is unclear when they will come into force.

**Club Cover based on Hague-Visby Rules**

Club cover is currently based on the responsibilities, exceptions and limitations of the Hague-Visby Rules. Any voluntary, contractual, assumption of liabilities beyond the Hague-Visby Rules – such as contained in the Rotterdam Rules – may not fall within P&I club cover.

Of course, where a more onerous liability regime applies by force of law, Club cover is not affected as the Member cannot be said to have accepted it voluntarily.

Members are therefore advised to examine all contracts carefully and ensure that the applicable liability regime is no more onerous than the Hague-Visby Rules.
ARE YOUR EXCLUSION CLAUSES WATERTIGHT?

Members may not always have the protection they think they do under charterparty exclusion clauses, particularly when it comes to negligence. As such they should ensure exclusion clauses are drafted in the clearest and widest possible terms.

It is not unusual for a charterparty or any other contract to contain clauses excluding a party’s liability in the event of specific circumstances. However, exclusion clauses may not always provide the protection they first appear to and this is very much dependent on how they are drafted. This article will look at exclusions clauses but does not consider other clauses which may override them, for example a paramount clause.

Need for Clear Drafting

Under English law, a recent case (The Socol 3 [2010] EWHC 777 (Comm)) has reaffirmed the established position that for an exclusion clause to be effective, a very high standard of drafting must be achieved. Essentially the exclusion clause must clearly cover and extend to the event from which liability is sought to be excluded.

The principle is perhaps best explained by looking at an example clause from:

Owners shall not be responsible for cargo claims and Charterers to indemnify Owners for any and all loss or expense whatsoever which Owners may incur by reason of a cargo claim arising.

On first reading, one may assume that responsibility for all cargo claims should lie with the charterer. However, whereas liability for some cargo claims may rest with the charterer, this will not follow for all cargo claims. Simply put, the clause is unlikely to extend to any cargo claims caused by the negligence of the owner or the unseaworthiness of the vessel.

If the cargo was damaged due to, for example, failure to exercise due diligence to make hatch covers weathertight and the owner was found liable to the cargo claimant for such damage, the owner would probably be unable to rely on this clause to make a recovery from the charterer.

Liability for Negligence

For owners to exclude liability caused by their own negligence, a clause should either expressly contain the words ‘negligence/negligent’ or be drafted so it is clear that, objectively viewed, the parties intended it to cover negligence.

To afford the maximum protection possible, an exclusion clause should contain an express reference to negligence. This should avoid the usual scope for argument in relation to the parties’ objective intentions. On this basis the above clause could be redrafted as follows:

Owners shall not be responsible for cargo claims including those caused by Owners’ negligence/unseaworthiness of the vessel and Charterers to indemnify Owners for any and all loss or expense whatsoever which Owners may incur by reason of a cargo claim arising including those caused by Owners’ negligence/unseaworthiness of the vessel.

However, an express reference to negligence is unlikely to be accepted by an observant charterer when negotiating the terms of a charterparty. Therefore, drafting a clause so it is clear the parties intended it to cover negligence may have a better prospect of the exclusion clause being accepted into the agreement.

Use of ‘Howsoever Caused’

It is currently the position under English law that the use of words such as ‘howsoever caused’ are sufficiently wide to cover negligence and indeed unseaworthiness (The Danah [1993] 1 Lloyd’s Rep. 351 and The Imvros [1999] 1 Lloyd’s Rep. 848). This being the case, an appropriate alternative to the above clause could be:

Owners shall not be responsible for cargo claims howsoever arising and Charterers to indemnify Owners for any and all loss or expense whatsoever which Owners may incur by reason of a cargo claim howsoever arising.

Under English law, a clause such as the above, based on the recent case law, should be construed as also extending to negligence.

Covering All Eventualities

To conclude, Members should always bear in mind that if they wish to exclude liability in respect of any and all causes of damage, including by reason of their own negligence or the ship’s unseaworthiness, the relevant exclusion clause must be drafted widely enough to cover all eventualities.

Consideration should be given to the possibility that Club cover could be affected if Members enter into an agreement whereby liabilities in excess of those imposed by law are incurred. If in doubt, it is always best to consult the Club.

GLOBAL LEGAL NAVIGATOR

The Club would like to remind Members and brokers that they have access, via North Online, to Global Legal Navigator (GLN). This is a unique resource where a broad range of legal questions are answered by qualified lawyers (known as GLN contributors) from around the world.

The questions answered range from liens to personal injury and GLN covers a diverse range of countries. Several new questions have recently been added to the site and the GLN contributors are currently in the process of providing answers to these questions.

The new questions cover topics such as wreck removal and stevedores as well as extending the information available about existing topics. They are all based on issues that both P&I and FD&D claims handlers deal with regularly and so are questions that many Members will recognise as being particularly relevant.

Contacting Contributors

The Club has also asked all GLN contributors to provide up-to-date contact details so that when Members wish to obtain further information or advice from a GLN contributor there will be a link from GLN to enable contact to be made easily.

Where Members’ own claims handlers use the GLN site and then in turn contact the GLN contributor for further legal advice, they should specifically mention the site as the basis for contacting the GLN contributor.

Over the coming months further jurisdictions will be added to GLN, predominantly those countries where claims are increasing.

Further Information

Members with queries relating to GLN can address these using its dedicated E-Mail address: glninfo@nepia.com
Access to North Online is via the Club’s website from which Members can enter their User ID and password on the login screen: https://members.nepia.com
Members requiring a User ID or password for North Online should contact their normal underwriting contact at the Club or E-Mail: northonline.access@nepia.com
FIRST CALL – NEW PORTS COVERED IN THE USA

First Call, the medical service provided by Hudson Tactix and Shuman Consulting Services for North’s Members who are disembarking crew for medical treatment in the USA, has expanded its range of ports covered by this service.

Launched in September 2012, First Call aims to assist Members by ensuring seafarers obtain excellent medical attention as soon as possible and that the treatment is managed in a cost effective manner. In addition to the initial 25 principal ports in and around the US west, east and south coasts, new ports covered by the service include Boston, Charleston, Massachusetts; Portland, Maine; Tacoma, Washington; and Wilmington, North Carolina.

Savings on Time and Cost

Early analysis of claims suggests that Members using the First Call service benefit from lower costs of medical care and that savings of up to 50% against medical invoices are common. Savings to Members are not restricted only to medical expenses. Analysis shows that a higher than expected number of crew members are returned to their vessels following examination by a local doctor, either reassured about their symptoms or with medication. This saves Members the additional cost of repatriation and substitution, and saves crew members the stress and worry of a hospital stay or loss of earnings when it is not necessary.

Further Information

The Club has produced a poster to provide an easy reference for masters who require medical assistance for crew in the US. The poster can be viewed or downloaded from the Club’s website: www.nepia.com/firstcall

In addition, Members can request an A5 magnetic version of the map for masters to display on board, please contact: lesley.mcewen@nepia.com for more information.

FIGHTING FIT

Regular readers of Signals who have put health and fitness advice into action could now be looking for a different routine or something new to help them maintain their motivation. If so, a fitness regime based on boxing training can easily slot into a routine on board.

Boxing-based training can be done with or without equipment and is great cardiovascular exercise. Simple equipment that can be used includes a skipping rope (there is no shortage of rope on most ships), a punch bag (perhaps made up with canvas and stuffed with rags) and some boxing gloves or bandages to protect hands.

Here are some tips about the stance, punching techniques and exercise regime to use.

Stance

Standing in the right way will help you maintain your balance and deliver more power with each punch. Put your feet about a shoulder width apart and align them in conjunction with the diagram shown. The heel of your back foot should always be slightly lifted off the ground. This allows you to be mobile. The front foot can be planted firmly.

Knees should be bent for power, balance and mobility. A roughly even distribution of weight between front legs and back legs is ideal.

For your upper body your shoulders should be only slightly turned towards the object you are intending to strike. Your rear hand should be held high, about temple level, and your leading hand should be held about chin level around 30cm from your face. Your leading hand should be your weaker side with your dominant hand being the rear hand ready for use in power punching.

Punching Techniques

Now you are ready to start punching. Developing a good punching technique assists in avoiding hand injury, so you might wish to visit some of the many helpful websites to get some more tips.

- The jab – extend your leading hand while turning your arm, so that the back of your hand points to the sky. Keep your elbow straight, lift your front shoulder and tighten your fist at the moment of impact. Return your hand to the start position.

- The cross – this is a powerful straight punch thrown across the body originating from the dominant (rear) hand. Technique-wise, the rear hand is thrown from the chin, crossing the body and traveling towards the target in a straight line. The rear shoulder is thrust forward while the lead (jabbing) hand is retracted to protect the face and chin. For additional power, the torso and hips are rotated as the cross is thrown, with the boxer transferring weight onto the front foot. The body rotation and weight transfer give the cross a lot more power than the jab. Quickly after the punch is thrown, the hand is retracted to the guard position.

- Left and right hook – the hook is a semi-circular punch thrown with the lead or rear hand. The punch is executed by rolling the upright fist from a vertical position to
North is pleased to provide details of a new medical service to assist seafarers who have been repatriated to the Philippines as a result of injury or illness. It aims to provide the most efficient, high quality treatment for Filipino seafarers, helping them get back to work as soon as possible.

The Club has worked closely with Manila medical facility Ship to Shore Medical Assist to devise a scheme that provides both excellent treatment and avoids excessive costs, particularly those for which Members are not legally or contractually responsible – such as unnecessary treatment for other non-related medical conditions.

Early and Precise Notification

To gain full benefit from the scheme, Members should notify the Club as soon as it becomes apparent that a Filipino seafarer requires repatriation as a result of injury or illness. The Club will then instruct local correspondents to liaise with local agents and transport the crew member to Ship to Shore Medical Assist upon arrival in the Philippines.

If precise details of the injury or illness can be identified at the outset this will assist in providing proper and appropriate medical treatment for the crew member, rather than treatment for a condition which is pre-existing or which is incidental to the reason for repatriation.

Rapid Diagnosis and Treatment

The repatriated crew member will then be examined and evaluated based on the illness or injury for which they were repatriated. Medical reports will be confirmed to the diagnosed condition and issued within 24 hours of the initial consultation.

If further tests are required before a work or non-work-related pronouncement can be made, North can authorise tests on the day of the request to avoid delays. Once a plan of treatment has been devised, the clinic will request authority to treat from North on a Member’s behalf and treatment will commence.

Members will be advised that authority has been given on their behalf as they are contractually obliged to treat and ensure that treatment commences immediately.

Informing Manning Agents

Members using the service should inform their Manning agents that the medical treatment will take place under the post repatriation scheme and medical conduct will be driven by the Club. Billing arrangements should be set up with Manning agents, which will receive updates so that they are aware that treatment is ongoing and they should continue with payment of sickness wages.

Members are also requested to provide confirmation of the existence of any applicable collective bargaining agreement or contractual terms in addition to the Philippines Overseas Employment Administration (POEA) contract. North can then advise on contractual obligations at the earliest opportunity.

Further Information

Members can view or download Club Circular 2013/006 dated 12 February 2013, entitled Post Repatriation Scheme for Filipino Seafarers – Ship to Shore Medical Assist, from the Club’s website: www.nepia.com/publications/clubCirculars/listing

Members requiring more information should contact the Club’s personal injury team.

Exercise Regime

Once you have got your stance and have practiced your punches, you are ready to get fit. Depending on your fitness level you should build up the number of rounds, but a good start point might be to aim for three 3-minute rounds. Boxing is hard work so a warm up is essential.

- Warm up – use the skipping rope for one minute, followed by jumping jacks for one minute, shoulder swings for one minute and finally the skipping rope again for one minute.
- Round 1 – a three minute round throwing combinations of punches, remembering to return to the guard after each combination.
- Round 2 and 3 – repeat round one twice.
- Cool down – use the skipping rope for two minutes, then stretch thoroughly: shoulders, triceps, quads and hamstrings are all heavily used in this exercise.

You can either do this using your bag and gloves or just by boxing the air. If you have a training partner it may be a good idea to have them call out different combinations of punches.

- Recovery – recover for one minute by jogging on the spot.
- Rounds 2 and 3 – repeat round one twice with recovery in between.
- Cool down – use the skipping rope for two minutes, then stretch thoroughly: shoulders, triceps, quads and hamstrings are all heavily used in this exercise.

Further Information

North has published a comprehensive Loss Prevention Briefing entitled Crew Fitness and Well-Being which can be downloaded from the Club’s website: www.nepia.com/loss-prevention/publications-and-guides/loss-prevention-briefings

Disclaimer – the health and fitness information provided in Signals is intended as an educational resource and is in no way intended to replace the professional medical care or advice of a doctor, dietician or qualified personal trainer. Please consult your doctor or healthcare professional before performing any of the exercises described in Signals or any other exercise programme, particularly if you have a chronic or recurring medical condition.
SHIPPING CARGOES HARMFUL TO THE MARINE ENVIRONMENT

North has received many enquiries from Members relating to bulk cargo considered "harmful to the marine environment" (HME) as a result of the revisions to Annex V of the International Convention for the Prevention of Pollution from Ships (MARPOL).

Questions relate to the status of particular cargoes and who is responsible for disposal of HME cargo residues and associated costs.

No List of HME Cargoes

Unfortunately there is no list of substances that are HME under MARPOL Annex V – the often complex chemical makeup of bulk cargoes means that it is simply not possible to produce a definitive list.

Responsibility for HME Designation

Shippers are therefore responsible for designating whether a solid bulk cargo is HME, subject to the criteria of the UN Globally Harmonized System for Classification and Labelling of Chemicals. These regulations are quite complex and only the shipper can determine, after a proper analysis of the cargo is undertaken, whether or not the cargo intended for shipment is HME.

Residues containing cargo designated as HME by shippers cannot be discharged at sea. Members are advised to liaise with shippers and ports of discharge to determine whether cargoes they intend to carry have been classified as HME and, if so, that suitable shore reception facilities for cargo residues are available.

Apportioning Residue Disposal Costs

Existing charterparties may not have anticipated the introduction of the revised Annex V legislation. As costs and expenses will accrue in disposing of HME cargo residues, there is potential for disputes between owners and charterers over the apportionment of such costs.

It is anticipated that many discharge ports will not have suitable reception facilities and there may also be considerable additional costs, expenses and time used to ensure the correct disposal of HME cargo residues and wash water.

Further Information

To assist Members, North has produced two recommended charterparty clauses, one for voyage charterparties and one for time charterparties, setting out the responsibilities and liabilities of owners and charterers when HME bulk cargo is presented for carriage.

Members can view or download Club Circular 2013/004, dated 1 February 2013, entitled New MARPOL Annex V – Cargoes Harmful to the Marine Environment – Recommended Charterparty Clauses from the Club’s website: www.nepia.com/publications/clubcirculars/listing

CHINESE POLLUTION REGULATIONS UPDATE

The Regulations of the People’s Republic of China on the Prevention and Control of Marine Pollution from Ships have now been in place for over a year. The Chinese Marine Safety Administration’s (MSA) detailed rules on implementation of the regulations were amended on 14 September 2012 (see Club Circulars 2012/037 and 2012/044).

In essence, MSA’s model spill response contract is now only required to include two mandatory articles, governing the rights and responsibilities of each party. All other contract terms, including payment, security and jurisdiction, are free to be negotiated between the parties.

The International Group of P&I Clubs (IG) thus issued a revised sample agreement for Ship Pollution Response dated 20 November 2012 which reflects this situation, but acceptance of the IG’s revised agreement has not been consistent across China.

Negotiating with Response Organisations

North’s experience in assisting Members’ enquiries on response contracts suggests that Ship Pollution Response Organisations (SPRO) at the larger ports and in the larger consortia will generally accept the IG agreement and will offer a broadly acceptable level of service. However, in smaller ports and where there is less competition, negotiations over these agreements are more difficult.

Increasingly, smaller SPROs are proposing agreements that do not even meet the requirements of China MSA let alone those of the IG. On occasion, the Club has been able to facilitate an agreement which meets the requirements of China MSA and the minimum recommendations of the IG but there are occasions where SPROs will still only contract on their own terms.

A useful technique to avoid such situations can be for Members to attach the IG agreement to their first enquiry with an SPRO and to propose agreement on these terms. This technique sometimes avoids SPROs proposing their own, less satisfactory terms. A copy of the IG agreement is attached to Club Circular 2012/044.

Avoiding Longer Term Response Contracts

Where negotiations are particularly difficult, the Club recommends that Members consider contracting for a single ship visit only rather than for multiple port calls. The SPRO situation across China is changing rapidly and longer term contracts may not be the best option, especially in smaller ports.

To date, the Club has not been notified of any claim arising under China’s new pollution prevention and clean-up regime but the experience of other incidents suggests that when an incident occurs, the regional MSA office will mobilise a number of responders and not just the SPRO with which the owner has contracted. Such responses can be excessive and the grounds to object may be limited.

The services of the International Tanker Owners Pollution Federation (ITOPF), which is available to all Members, can be helpful in making an objective assessment of the nature and effect of pollution incidents. ITOPF also has experience in assessing reasonable response measures.

Further Information


A copy of the revised IG sample Agreement for Ship Pollution Response dated 20 November 2012 is available to view or download from the Club’s website: www.nepia.com/cache/files/6881-155607340/China_IG_Sample_Agreement-AnnexII.pdf

The Chinese MSA website provides information about the Prevention and Control of Marine Pollution from Ships regulations: http://en.msa.gov.cn
Cold ironing, also known as shore power or alternative maritime power (AMP), is the supplying of a ship’s power requirements from a shore-based facility or grid to provide a cleaner energy source. This is becoming more prevalent in US states such as California, where new legislation is progressively requiring vessels to connect to the shore power supply and shut down on board diesel generators while they remain alongside.

Although cold ironing is not a new concept, it became more common around a decade ago when increasing numbers of passenger cruise ships called at Alaskan ports and there were concerns at the levels of air pollution caused by these vessels.

The California Environmental Protection Agency introduced the At-Berth Ocean-Going Vessels Regulation in 2010. It aims to reduce the levels of nitrogen oxide (NOx) emissions, diesel particulate matter (PM) and greenhouse gases (GHG) such as carbon dioxide originating from ships’ diesel generators when berthed at state ports.

**Regular Visitors**

The legislation is aimed at regular visitors to Californian ports. At present it only applies to fleets of container ships and refrigerated cargo ships that visit the ports a minimum of 25 times per year, and to fleets of passenger ships that visit a minimum of five times a year.

For the purposes of the legislation a fleet is defined as, “all owned or chartered ships of one vessel type that visit a California port and are under the direct control of the same company”.

To comply with the regulation, a fleet must reduce emissions when at berth by either connecting to shore power along with shutting down the diesel generators, or use alternative emission control techniques to achieve equivalence.

**Compliance Schedule**

The compliance schedule for applicable fleets is as follows:

- **1 January 2012** – shore-power equipped ships that are part of an affected fleet must use shore-power while visiting the port if it is available at the berth and is compatible with the ship’s shore-power equipment.
- **1 January 2014** – 50% of the fleet’s visits to a port must be shore-power visits and the total auxiliary engine power generated by the fleet’s ships while docked at the port must be reduced by 50%.
- **1 January 2017** – 70% of the fleet’s visits to a port must be shore-power visits and the total auxiliary engine power generated by the fleet’s ships while docked at the port must be reduced by 70%.
- **1 January 2020** – 80% of the fleet’s visits to a port must be shore-power visits and the total auxiliary engine power generated by the fleet’s ships while docked at the port must be reduced by 80%.

* In addition, shore-power equipped ships must connect to shore power if available.

**Further Information**

Guidance about regulations can be found on the California Air Resources Board website: [www.arb.ca.gov/ports/shorepower/faq.htm](http://www.arb.ca.gov/ports/shorepower/faq.htm)

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**Talking Points**

North continues to expand its library of topical Talking Points sheets for use in safety committee meetings and for training on board. The fourth, entitled ‘Breathe Easy’, is aimed at assisting crew in understanding the correct use and limitations of the personal gas detection devices available on board ships.

Questions

1. Cold ironing is what kind of maritime power?
2. What type of charterparty clause should be kept simple?
3. Which points can be used in safety committee meetings and for training on board?
4. Who can be appointed to assist with break bulk stowage and securing?
5. Which contract was drafted specifically in response to the piracy situation in the Indian Ocean?
6. What is the acronym for lifeboat systems that are subject to new regulations and guidelines?
7. Which new scheme aims to provide high quality treatment for Filipino seafarers?
8. Which organisation provides standards for marine fuels?
9. What sport is the latest onboard fitness training regime based on?
10. What containing cargo designated as HME cannot be discharged at sea?

Answers to Signals Search 34

1. Value
2. PLR
3. Collisions
4. PSPC
5. Memory
6. Virgin
7. Lumley
8. Plastic
9. MLC
10. Compliance

Signals Search 34 Winners

Winner: Captain Sylvester Charlesworth, MT Gulf Moon – Gulf Energy Maritime
Runner-up: Captain Maung Maung Sein, MT Cavally – Raffles Ship Management

Disclaimer

In this publication all references to the masculine gender are for convenience only and are also intended as a reference to the female gender. Unless the contrary is indicated, all articles are written with reference to English Law. However it should be noted that the content of this publication does not constitute legal advice and should not be construed as such. Members with appropriate cover should contact the North’s F&D department for legal advice on particular matters.

The purpose of the North’s loss prevention facility is to provide a source of information which is additional to that available to the maritime industry from regulatory, advisory, and consultative organisations. Whilst care is taken to ensure the accuracy of any information made available (whether orally or in writing and whether in the nature of guidance, advice, or direction), no warranty of accuracy is given and users of that information are expected to satisfy themselves that the information is relevant and suitable for the purposes to which it is applied. In no circumstances whatsoever shall North of England P&I Association Limited be liable to any person whatever for any loss or damage whatsoever or howsoever arising out of or in connection with the supply including negligent supply) or use of information (as described above).

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