

CIRCULAR REF: 2014/001

**CIRCULATED TO ALL MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPARTMENT**

**9 JANUARY 2014
MKH**

CHECK BEFORE FIXING

We would like to draw Members' attention to the importance of obtaining adequate information as to the financial standing of the companies to whom Members charter their vessels. Unfortunately, North continues to experience cases where Members have failed to make proper enquiries before fixing and where, as a consequence, they have sustained severe losses. Fluctuations in the freight markets such as were experienced in 2008/2009 can adversely affect the financial standing of previously reputable charterers and it is, therefore, all the more important that Members obtain as up to date as possible information about the credit worthiness of charterers prior to fixing.

IMB Membership

Since 1990, North has subscribed to a "Block Membership Agreement" with the International Maritime Bureau (the "IMB") in London which grants North's FD&D Members direct access to the IMB Chartering Experience Database. Under the terms of the Block Membership Agreement, Members wishing to check on the background of any particular charterer can contact the IMB directly with the full style of the chartering company requesting whether the IMB have any information related to that company which would be relevant when considering whether or not to charter a vessel to that company. The full style of the IMB is as follows:

ICC International Maritime Bureau
Cinnabar Wharf
26 Wapping High Street
London E1W 1NG

Email: imb@icc-ccs.org
Phone: +44 (0)20 7423 6960
Fax: +44 (0)20 7423 6961 / (0)20 76605249
Website: <http://www.icc-ccs.org>

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NORTH OF ENGLAND P&I ASSOCIATION LIMITED 100 The Quayside, Newcastle upon Tyne, UK, NE1 3DU
Telephone: +44 (0) 191 2325221 Fax: +44 (0) 191 2610540 www.nepia.com

The North of England Protecting and Indemnity Association Limited. Registered in England No. 505456. Registered Office above
Hong Kong: Room 3007-08 COSCO Tower, 183 Queen's Road, Central, Hong Kong Telephone: +852 25446813 Fax: +852 25424424.
Greece: 5-7 Aghiou Nikolaou, GR 185 37 Piraeus, Greece Telephone: +30 210 4283038 Fax: +30 210 4280920.
Singapore: 80 Anson Road, #26-04 Fuji Xerox Towers, Singapore 079907 Telephone: +65 64110160 Fax: +65 62240160.
Tokyo: Shinkyobashi Building, 6th Floor, 2-8-8 Kyobashi, Chuo-ku, Tokyo, Japan, 104 – 0031 Telephone: +81 (3) 5159 5373 Fax: +81 (3) 5250 0003.
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Members are encouraged to take full advantage of this service from the IMB, which is free to all of North's FD&D Members, and it is hoped this will assist Members in reducing the risk of fixing to charterers who are likely to fail to honour their charterparty obligations. North does recognise, however, that whilst the IMB Chartering Experience Database is a reliable source of information about the reputation and performance of chartering companies, the reliability of such a database is very much dependent upon the reliability of the information which is fed in.

Members are encouraged to report back to the IMB any information about the charterers' performance of their obligations which may be of relevance to other IMB members by using the "Chartering Experience Form"¹. Members should note that the source of any information provided to the IMB will be treated by them as strictly confidential.

The Discretionary Nature of FD&D Cover

We would also like to remind Members that FD&D cover is discretionary, and one of the factors which will be taken into consideration when assessing whether a Member is entitled to the support of the FD&D Class in pursuing a claim against a charterer, or defending a claim brought against a Member by a charterer, is whether the Member has taken sufficient care only to fix to a charterer of good reputation and financial standing. Members should obtain up to date references from the owners of other vessels previously fixed by the charterer, as well as brokers' references, in addition to checking with the IMB. Members considering fixing to a new chartering company should exercise particular caution and should try to insist on the provision of a performance guarantee either by a first class international bank, reputable guarantor or other reliable security.

MICHAEL HOPE
ASSOCIATE DIRECTOR - North Insurance Management Limited
As Managers on behalf of the North of England P&I Association Limited

¹ Available from North