



PRESS RELEASE

15 SEPTEMBER 2015

NORTH P&I DELIVERS MV SMART WRECK REMOVAL ON BUDGET THROUGH A COLLABORATIVE APPROACH

Titan Salvage, now a part of Ardent following completion of the merger of Titan and Svitzer Salvage, has successfully completed the complex and difficult removal of the wreck of the cape-size MV *Smart* coal carrier in South Africa. This was especially challenging given weather conditions that prevail on the South African coast, particularly during the winter period. The removal of the vessel, which was entered in North P&I Club by owner Alpha Marine, has been accomplished on time and on budget due to a high level of collaboration with the South African Maritime Safety Authority (SAMS), Titan and North.

On 19 August 2013 the 151,279 DWT bulk carrier ran onto a sand bar shortly after setting sail from Richards Bay coal terminal in a 7 m Indian Ocean swell. It was carrying 147,650 t of coal, 1,769 t of fuel oil and 129 t of diesel. All 23 crew members were safely rescued and, just a couple of days later, the 273 m long ship split in to three parts. According to North's senior claims executive Dev Lajmi, 'As the vessel's P&I insurer we immediately started working with SAMS to ensure that the wreck was properly managed and moved according to their requirements. The priorities were to limit the risk to shipping and to protect the marine environment of Richards Bay, which is home to the humpback dolphin as well as a popular surfing area.'

Dutch salvor Smit Salvage, part of Boskalis Westminster, together with Smit Amandla Marine and South African salvor Subtech Group removed the fuel first – always a consideration after ensuring the safety of the crew – which was achieved without spillage, followed by 10,000 t of coal slurry in the ruptured no. 9 hold. They then refloated the separated stern section and scuttled it offshore in October 2013. Titan Salvage won the tendering process to perform the lightening, refloating and scuttling of the partially buried bow section. The contract was unusual because of the extent to which Titan assumed the operational risks associated with the project, so minimising the chances of a cost overrun. The bow section was refloated and scuttled in December 2014 and the remaining mid-section cut down and buried at the beginning of September 2015, with rehabilitation of the seabed completed immediately thereafter.

North's deputy global claims director Mike Salthouse comments, 'The successful removal of this very large, high profile wreck highlights the benefits that flow from an open and early dialogue with the authorities responsible for managing a wreck site as well as all other stakeholders. The collaboration between North, SAMS, the South African Department of Agriculture and Environmental Affairs, the Endangered Wildlife Trust, the international salvage team and the International Group of P&I Club's reinsurers has provided clarity from the outset, enabling an accurate budget to be agreed and adhered to from an early stage.'

SAMS Centre for Ships - executive head Captain Nigel Campbell says, 'The successful conclusion of the operation is a tribute to all parties, government departments, the local municipality, Transnet National Port Authority, insurers and salvors who, by working together as a team, reached agreement on sensitive issues

through consensus without having to resort to the courts. It was important to SAMSA that the operation led to a skills transfer to South Africans, especially as operations of this magnitude are fortunately rare occurrences both internationally and domestically. Nobody benefits from incidents of this nature, but it has to be recognised that in excess of US\$36 million was spent in South Africa during the two years it took to reach completion.'

Under the International Group pooling agreement, North retains the first US\$9 million of the cost and the balance is shared by the 13 clubs through various reinsurance arrangements. 'Given the clubs mutually insure 90% of the world's ocean-going tonnage, it is vital to the economic stability of the shipping industry to ensure that major incidents such as the MV *Smart* are managed as efficiently and cost-effectively as possible,' says Salthouse.

He adds that an important success factor was the well-managed transfer of risk to the salvors, such that the world's shipowners and their reinsurers were not faced with cost escalation during the two-year project. 'The collaboration in the MV *Smart* case has served as a benchmark for the International Group's large claims working group, which is currently concluding memoranda of understanding with states on the protocols for proper handling of maritime incidents. Three major coastal states, of which South Africa is one, have now signed the document and more are expected to follow.'

ENDS

For further information contact: Mike Salthouse +44 191 232 5221 or Captain Nigel Campbell
ncampbell@samsa.org.za

NOTES TO EDITORS

North

North is a leading global marine insurer providing P&I, FD&D, war risks and ancillary insurance to 127 million GT of owned tonnage on a mutual basis and 43 million GT of chartered tonnage. Through its guaranteed subsidiary Sunderland Marine, North is also a leading insurer of fishing vessels, small craft and aquaculture risks. The 'A' rated Club is based in Newcastle upon Tyne, UK with regional offices in Greece, Hong Kong, Japan and Singapore and Sunderland Marine offices worldwide. North is a leading member of the International Group of P&I Clubs (IG), with 11.6% of the IG's owned tonnage. The 13 IG clubs provide liability cover for approximately 90% of the world's ocean-going tonnage and, as a member of the IG, North protects and promotes the interests of the international shipping industry.

SAMSA

The South African Maritime Safety Authority (SAMSA) was established on 1 April 1998 under SAMSA Act 5 of 1998. SAMSA has been entrusted with the following core mandates:

- To ensure safety of life and property at sea.
- To prevent and combat pollution from ships in the marine environment.
- To promote South Africa's maritime interests.

In order to achieve its legislative objectives the Authority must:

- Administer the laws referred to in section 2(2) of the Act and any applicable regulations made under those laws and not already included therein by definition.
- Carry out such other duties as are assigned to the Authority by or under any other law.
- Carry out any duty as directed under section 7 of the SAMSA Act.

SAMSA's mandate was expanded in 2007 to include the regulation of some marine activities on South Africa's inland waters. SAMSA's obligations in terms of this mandate includes amongst other activities the issuing of operating licenses, surveying, accident investigations, the development of examination standards and the promotion of safety and awareness. SAMSA has also been tasked with the responsibility for monitoring ships traversing South African waters and ensuring their safe navigation for purpose of securing our country and its territorial interests.