

CIRCULAR

SETTING THE STANDARD FOR SERVICE AND SECURITY

TO ALL OWNERS AND MEMBERS

30 March 2012

Dear Sirs

BIMCO GUARDCON contract for the employment of security guards on ships

Members are referred to BIMCO's GUARDCON contract for the employment of security guards on ships (GUARDCON), published on 28 March 2012. A copy of GUARDCON, a separate guidance document entitled "Guidance on the Rules for the Use of Force" and BIMCO's explanatory notes are attached to this circular and are available on www.standard-club.com.

The decision as to whether to employ guards (whether armed or unarmed) is an operational one for owners/members. In making that decision owners/members must always comply with flag state law as well as any applicable local laws. Owners/members are also reminded of their obligation to follow the due diligence principles set out in IMO MSC Circular 1405¹ together with Best Management Practices (currently version 4, published in August 2011).

Nevertheless, it has been recognised that the growth in the number of Private Maritime Security Contractors (PMSCs), each with differing contractual terms, has resulted in uncertainty. Accordingly, to benefit the wider shipping community, BIMCO has developed GUARDCON, drafted by a working group comprising of shipowners, property underwriters, IG P&I club representatives, maritime lawyers, representatives of security companies and other shipowner and marine insurance associations. GUARDCON is intended to harmonise terms of engagement of PMSCs (described in GUARDCON as contractors) as well as simplifying the processes for vetting and approval of contracts by owners/members and their P&I clubs.

Owners/members are reminded that GUARDCON does not represent a recommendation by BIMCO or the International Group of P&I clubs for, or endorsement of, the use of security guards on board ships. Nor are security guards a substitute for strict compliance with Best Management Practices. Placing security guards on board a ship should also only be considered after a risk assessment has been carried out and the master should be involved in the decision-making process. However, the provisions of GUARDCON have been reviewed by the International Group's maritime security subcommittee and they conform with club cover and pooling requirements.

.. / ...

¹ MSC.1/Circ. 1405-Rev.1 Revised interim guidance to shipowners, ship operators, and shipmasters on the use of privately contracted armed security personnel on board ships in the high risk area



GUARDCON addresses a number of key issues, including:

- standards to which the PMSCs must conform in terms of:
 - o holding adequate insurance to cover their liabilities and contractual indemnities (which owners/members should verify); and
 - o having in place the necessary permits and licences to allow them to lawfully transport and carry weapons
- liability and indemnity provisions based on knock-for-knock principles; and
- the master's responsibility for the safe navigation and overall command of the ship.

If owners/members decide to use an amended version of GUARDCON, or a different contract, they are recommended to consult with the club well in advance of any contemplated embarkation of PMSCs to ensure that the proposed amendments or the different contract comply with club cover and pooling requirements.

GUARDCON is accompanied by a separate guidance document entitled "Guidance on the Rules for the Use of Force". This guidance is aimed at assisting owners/members in respect of agreeing on the rules for the use of force that must form part of any contract for the employment of PMSCs. Owners/members should, however, note that the rules for the use of force must comply with the provisions of IMO MSC Circular 1405 and with flag state and applicable national laws.

Should owners/members have any questions regarding GUARDCON they should contact the club.

All clubs in the International Group of P&I clubs will be issuing similar circulars.

Yours faithfully

Alistair Groom
Chairman
Charles Taylor Mutual Management (Asia) Pte Limited

Direct Line: +44 20 3320 8899
E-mail: alistair.groom@ctcplc.com