

Shanghai Seminar

19 July 2016



The Standard



Club update

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19 July 2016

Introduction to The Standard Club

- A leading **International Group P&I club**, established in **1884** and now insuring over **10% of global shipping** across all **major markets**
- **Industry-leading service**, a **track record of financial security**, and a **selective, conservative** approach to **growth**
- **2015/16: overall underwriting profit for the financial year, steady growth, launch of The Standard Syndicate and the Singapore War Risks Mutual**
- A **broad range of P&I and other marine and energy covers**, offering **sustained excellent value to high-quality operators**

Overview of the club: key financials

Selective growth; breakeven underwriting; strong balance sheet

Total tonnage

138m gt

20 February 2016

+2.5%

20 Feb. 2015 – 20 Feb. 2016

Owned tonnage

116m gt

20 February 2016

+ 3.6%

20 Feb. 2015 – 20 Feb. 2016

Premium income

\$322m

Projected 2016/17

\$354m

2015/16

Combined ratio

95%

2015/16

100%

2014/15

Investment return

-0.9%

2015/16 financial year

1.8%

2014/15 financial year

Surplus

2015/16 financial year

\$10m

\$12m

2015 financial year

Free reserves

\$390

20 Feb 2016

\$380m

20 Feb 2015

S&P rating

A (strong)

AAA capital strength

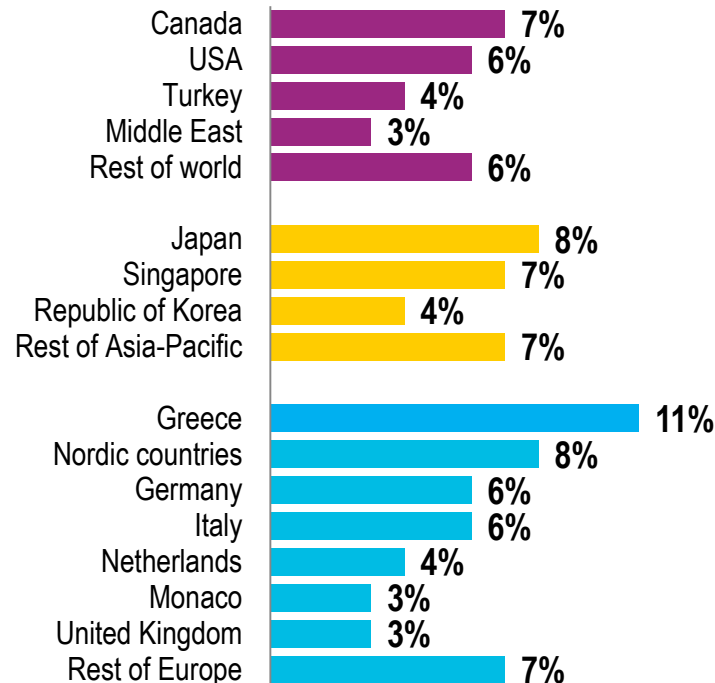
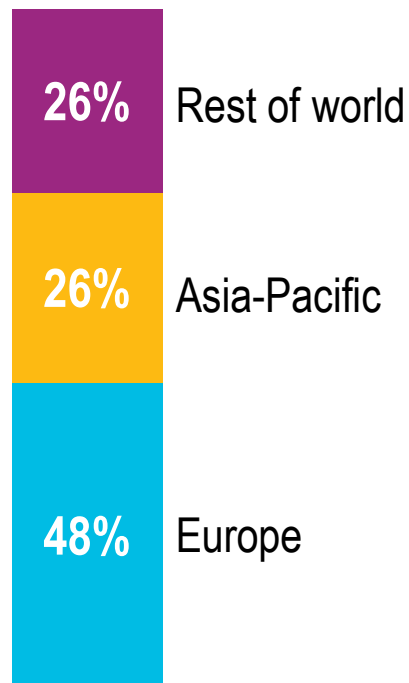
Affirmed June 2016

Membership

Diverse spread of business by country of management and ship type

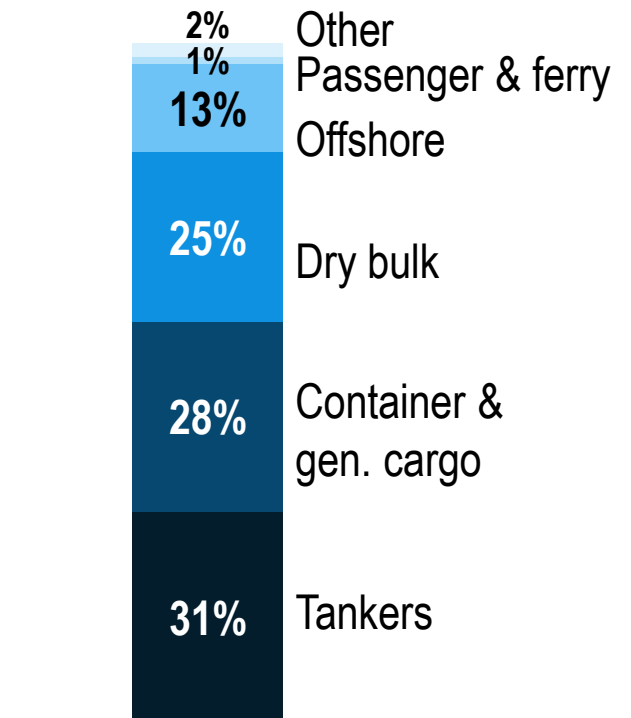
Owned tonnage by region

116m GT



Owned tonnage by ship type

116m GT



Our ambition

01

To provide **first class financial security**

02

To be recognised for providing **excellent service** through **solving members' problems**

03

To **provide a broad range of P&I insurance & related covers** that represent **excellent and sustainable value**

04

To pursue **selective growth**, consistent with the other objectives

Enabled by a
culture of
flexibility
and
innovation

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01

Financial security



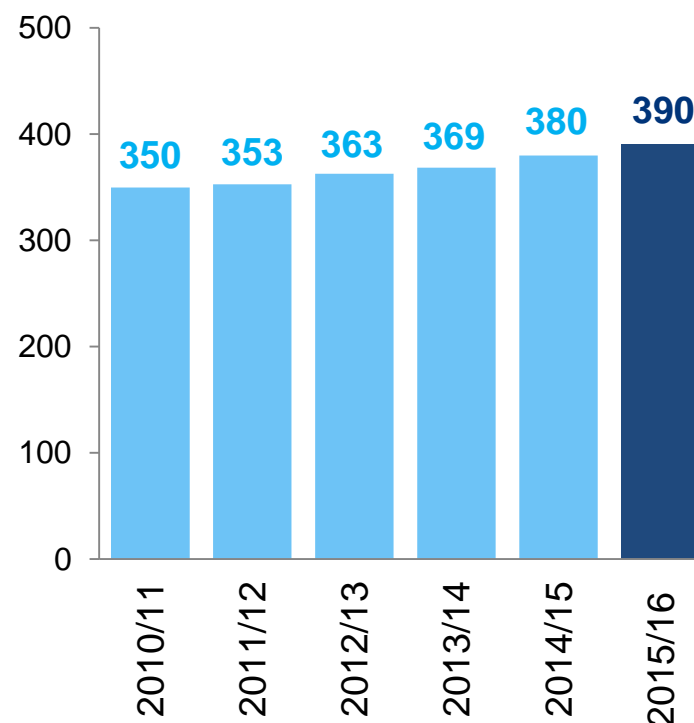
Financial security

Leading capital strength; steady growth in reserves

S&P ratings of IG clubs

CLUB	RATING	S&P CAPITAL STRENGTH
GARD	A+	AA
STANDARD	A	AAA
UK CLUB	A	AAA
BRITANNIA	A	AAA
SKULD	A	AA
NORTH OF ENGLAND	A	AA
STEAMSHIP MUTUAL	A-	AA
SHIPOWNERS	A-	AAA
JAPAN	BBB+	A
WEST OF ENGLAND	BBB+	AA
SWEDISH	BBB+	AAA
LONDON	BBB	AAA
AMERICAN	BBB-	BBB-

Free reserves, \$m



No unbudgeted supplementary calls for over 20 years
Release calls among the lowest in the IG

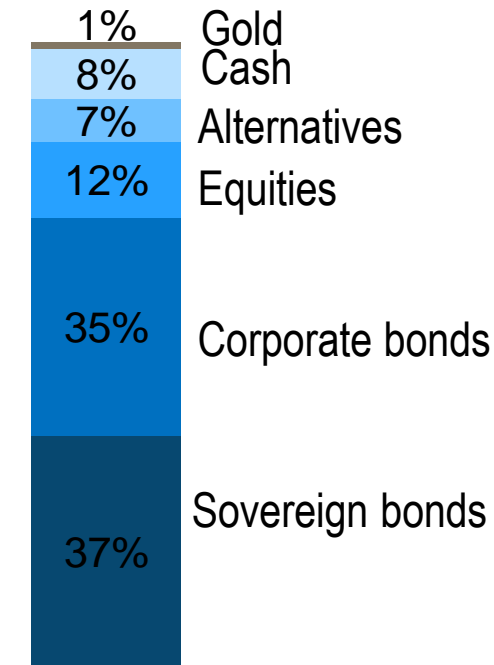
Investment policy

The portfolio is low-risk, consistent with AAA capital strength

Portfolio breakdown

% of portfolio

20 February 2016 unaudited



Approach

- Aim to **‘break even’** on underwriting; investment returns as a ‘buffer’
- **Prioritising capital preservation**; risk profile has reduced over past 3 years to combat market volatility
- Asset allocation criteria established by the board
- Managers seek to maximise returns while operating within criteria and maintaining AAA capital strength
- Performance monitored actively by the board using agreed benchmarks

02

Excellent service



Principles of the Standard service model

- **‘Single point of contact’** – all underwriting, claims and loss prevention services managed through integrated teams
- A commitment to **listening to members** and **‘going the extra mile’ to find solutions** to members’ needs, particularly in times of difficulty
- **Responsive, flexible claims handling** provided via the club’s international network of offices, with a proactive approach to achieving the best solution
- **Leading expertise**, with more than **40 qualified lawyers** covering all aspects of marine liability, an in-house team of **technical experts** and access to the **full resources of CT**
- **Continuous improvement** in service levels – with efforts informed by member feedback and enabled by our culture

*96% of members expressed a likelihood
to recommend the club to another shipowner (August 2015)*

Club service teams in key hubs

Supported by Charles Taylor's global network



03

Broad range of covers,
excellent & sustainable value

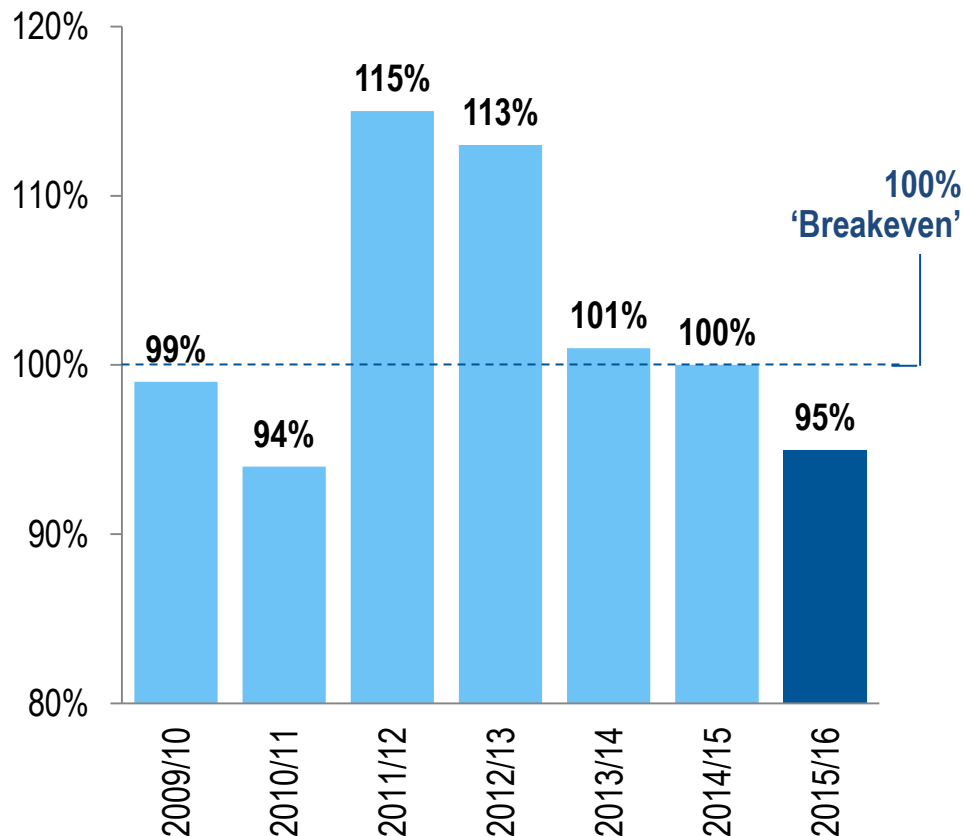


Meeting members' insurance needs

P&I	War & defence	Non-P&I liabilities	Assets	Specialist risks
<ul style="list-style-type: none"> • Mutual owned pooled • Fixed premium owned • Fixed premium charterers • Tailored extensions – e.g., <ul style="list-style-type: none"> – Contractual cover – Crew – Kidnap & Ransom – Passengers – Salvors etc. 	<ul style="list-style-type: none"> • War risks <ul style="list-style-type: none"> – War P&I – War hull • Defence (FD&D) 	<ul style="list-style-type: none"> • Liability <ul style="list-style-type: none"> – Ship owners / operators – Ship builders – Port authorities – Terminal operators – Stevedores – Wharfingers etc. • Corporate lines <ul style="list-style-type: none"> – E&O – D&O 	<ul style="list-style-type: none"> • Hull & machinery <ul style="list-style-type: none"> – IV, Loss of Hire – Mort'gee's Interest – Builder's Risks – Marine War Risks • Cargo & specie <ul style="list-style-type: none"> – Transport liability – Loss or damage – General / specialist, logistics, ROVs, specie, project • Property <ul style="list-style-type: none"> – Marine property – Ports and terminals infrastructure – Buildings, equipment – Industrial / commercial property – Business interruption 	<ul style="list-style-type: none"> • Energy <ul style="list-style-type: none"> – Property – e.g., offshore platforms, drilling rigs, FPSO's. – Oil, gas or condensate wells offshore / onshore – Construction projects for offshore installation • Political Violence • Political Risk

Sustainable 'breakeven' underwriting

Financial year combined ratio



Key principles

- Disciplined underwriting to align member premiums with claims and risk
 - Assessment of risk profile
 - Proprietary pricing tools
- Selection and management of risk based on a sound understanding of operating quality
- Continuous improvement in efficiency to minimise rate rises required – e.g.,
 - Agreed rate reductions with lawyers and other 3rd-party suppliers
 - Centralised operational activity
- Diversification into profitable non-P&I lines to support P&I business

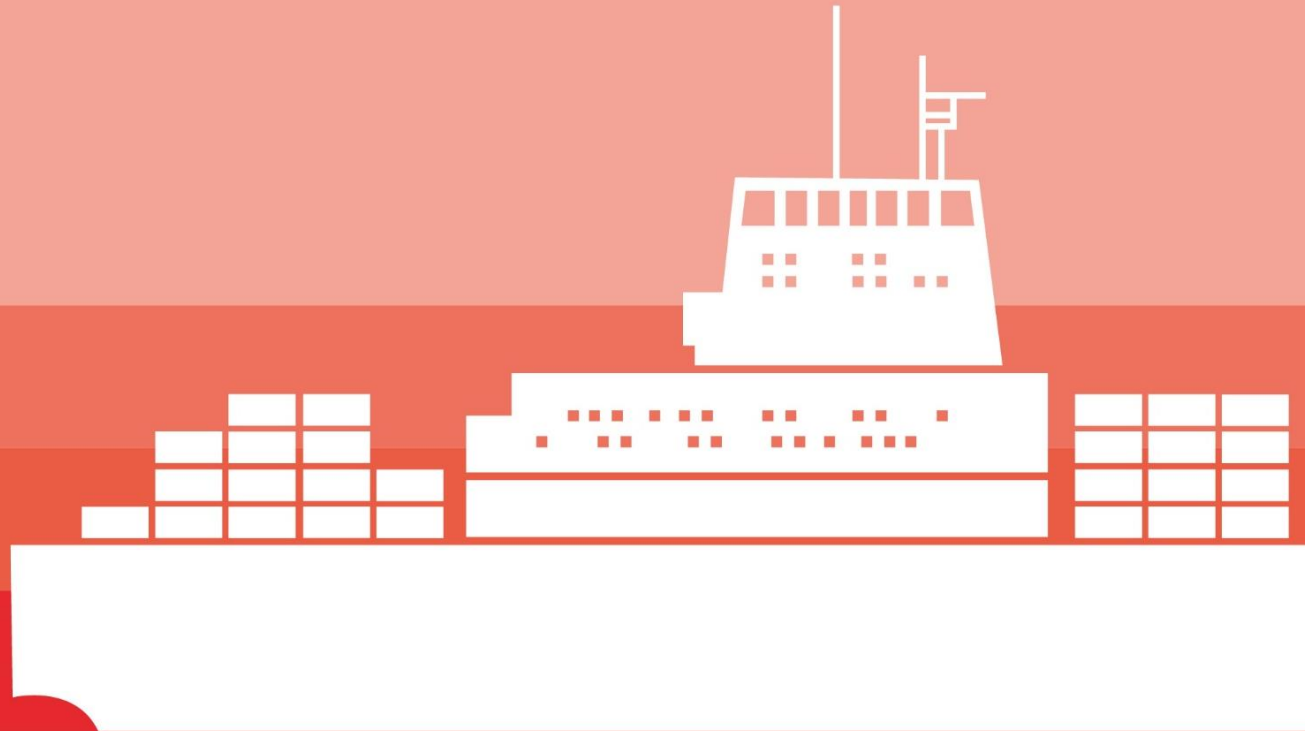
Focus on quality of operations

- Focus on operating quality supported by **‘Loss Prevention’ technical experts**
- Assessment of **member / vessel risk profile** – to support members and the club
 - **‘Desktop’ assessment** pre-attachment
 - **‘Member Risk Review’** carried out by the club’s own technical experts
 - **‘Ship Risk Review’** with ~20% carried out by the club’s own technical experts
 - Efforts at each renewal to improve operating quality via non-renewal of some members
- Unique **Safety and Loss Advisory Committee**
 - Technical and operational experts from the membership
 - Informs the club’s stance and advice on safety and operational issues
- Communication of **‘best practice’** via **publications, seminars, member dialogue**

Selecting and managing risks based on operating quality

04

Selective growth



Approach to growth

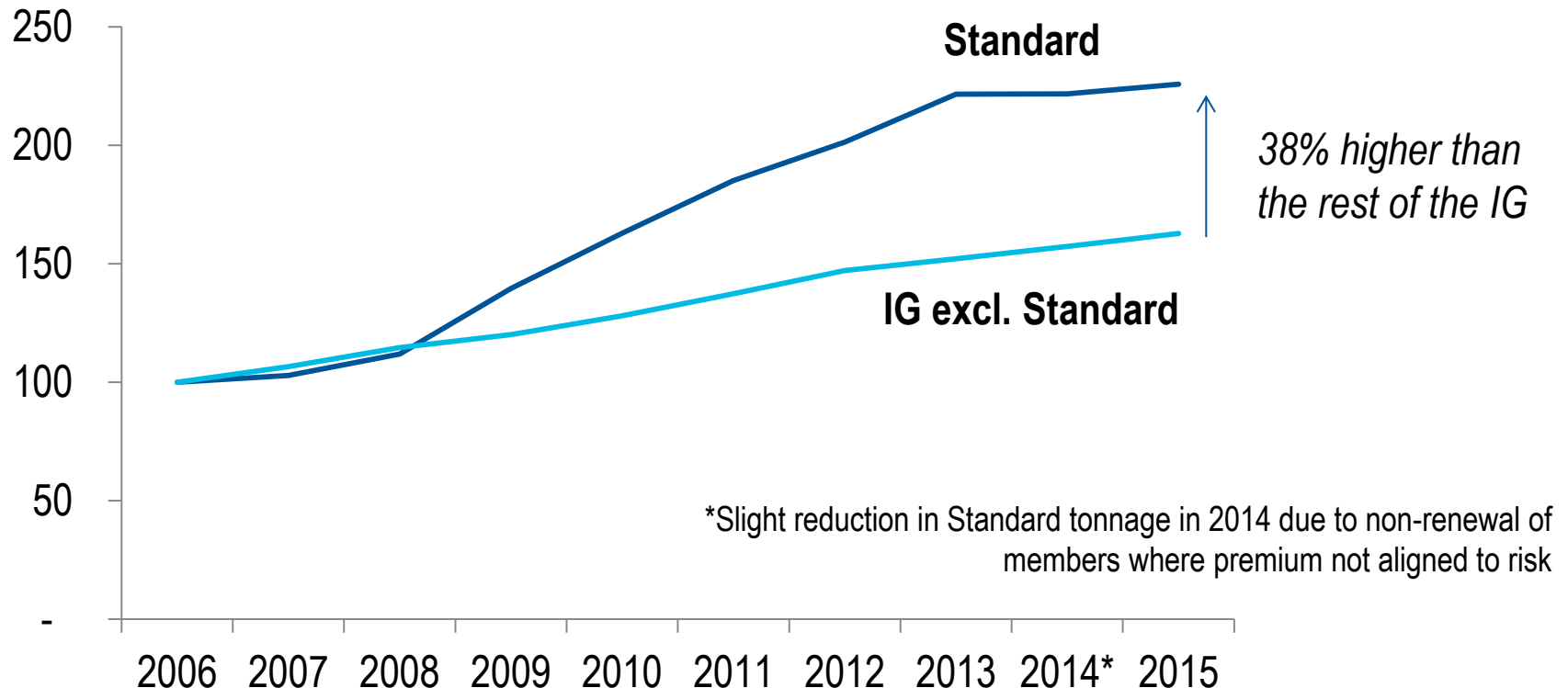
- High-quality growth viewed as **positive for the membership** as a whole, as it increases the financial strength and efficiency of the club over time
- In pursuing new business, the club will ensure the **operating quality** of members and ships and an **appropriate spread of risk**
- Preference is to **grow with existing members** – in P&I and in non-P&I covers
- The club welcomes new members that are **quality operators** seeking a **long-term partnership** with their marine and energy insurer
- The club aims to build in all major trades and markets, but has particular specialisms in **offshore energy, LPG/LNG, and small craft** (coastal and inland)

Aiming to drive growth, as long as this is consistent with the club's focus on operating quality, financial stability and service

Charles
Taylor

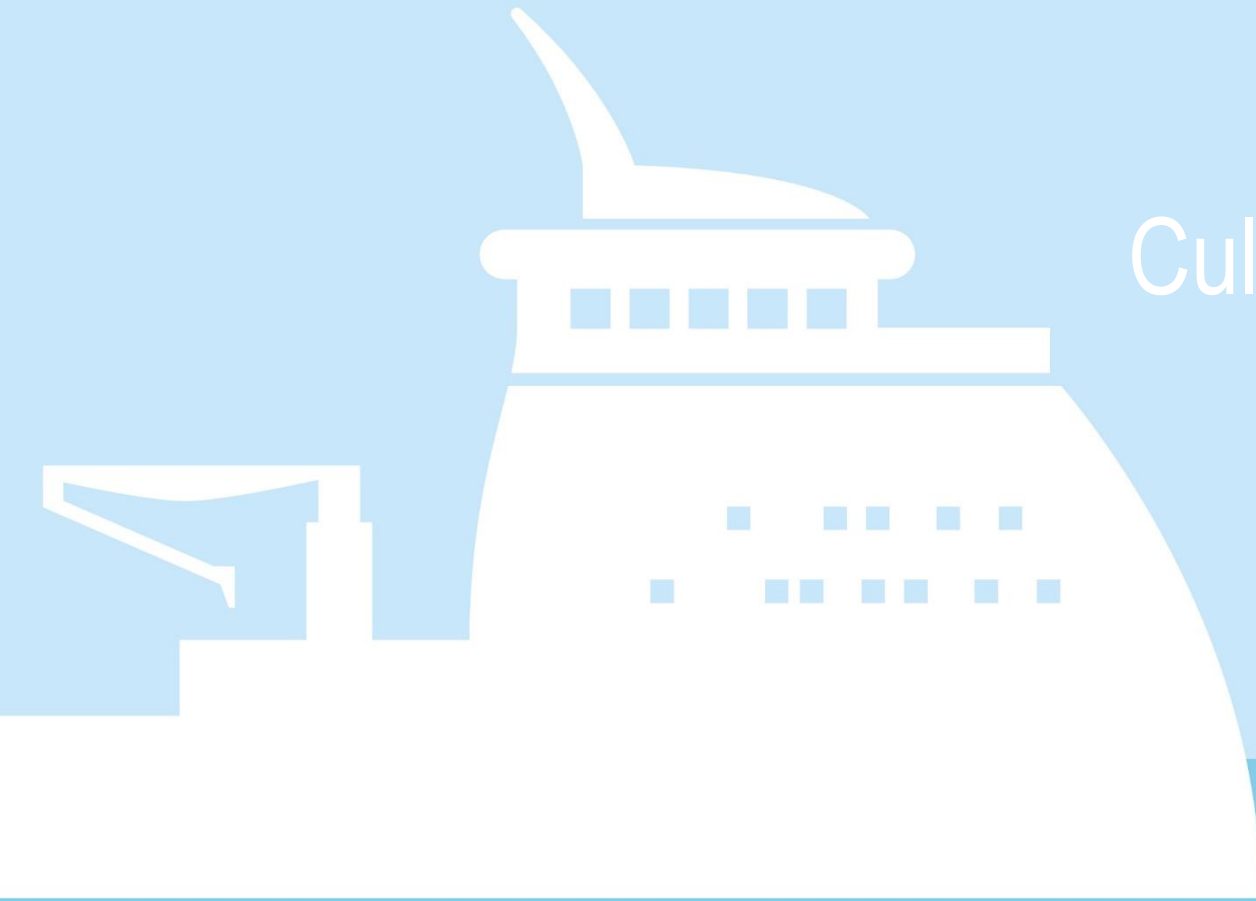
Track record of high-quality growth

Poolable tonnage, rebased to 2006 = 100



05

Culture of flexibility and innovation

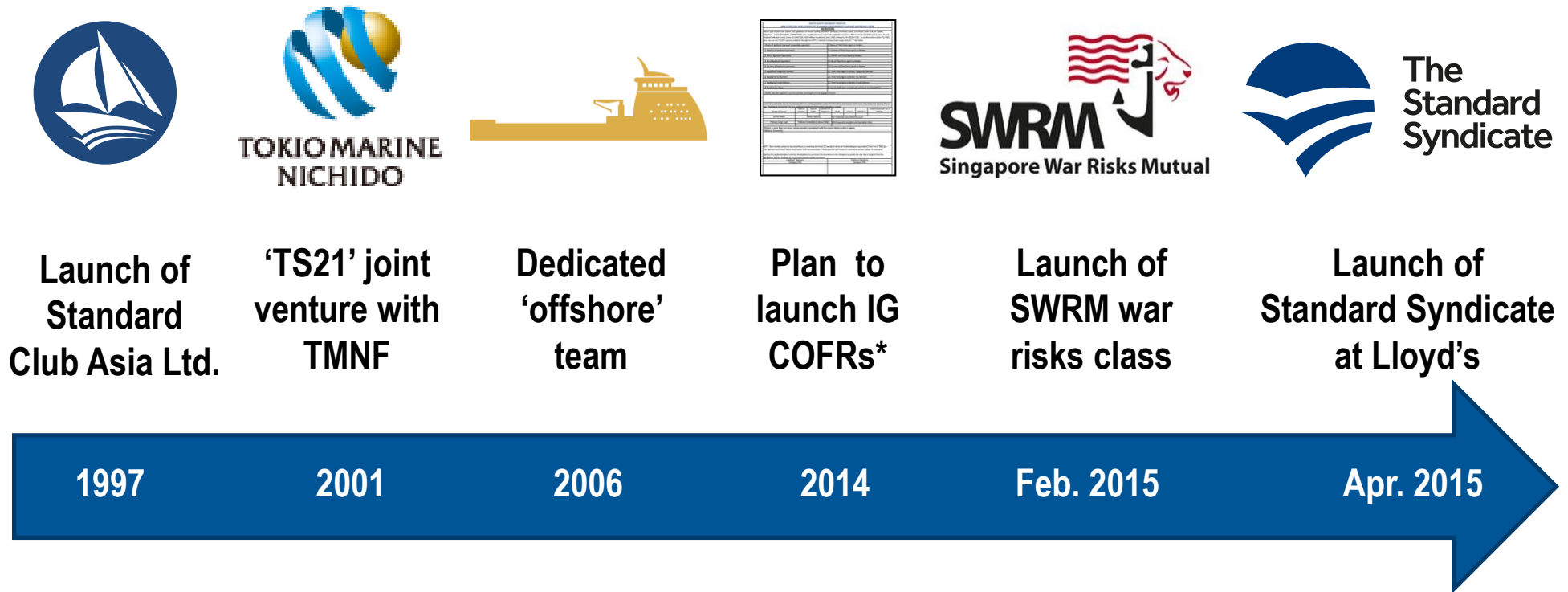


Principles of flexibility and innovation

The club will...

- Create **tailored solutions for members** by combining poolable and non-poolable P&I and other covers (right limits, competitive price, minimal overlap / gaps)
- Develop **innovative partnerships** to provide capabilities 'on the ground' in key markets (e.g., TS21 with Tokio Marine & Nichido Fire)
- **Work with the International Group** to refine and strengthen the system, and to maximise its benefits to shipowners (e.g., development of IG-backed COFRs)
- **Seek efficiencies** within the club's operations and in third-party spend, in order to sustain the result of the club and minimise rate increases
- **Expand the club's range of products and services**, in order to serve members better and to strengthen the club (e.g., The Standard Syndicate at Lloyd's)

Track record of flexibility and innovation



*Not supported by the International Group, but resulted in a competitive new entrant to this market

"Owners could save close to \$40m each year if International Group clubs support [Standard's] move and guarantee US COFRs" – Tradewinds, January 2014

The Standard Syndicate – overview

- **Launched** as planned in **April 2015**
- Aims: to improve the **financial strength** of the club and to expand the **range of marine and energy covers** available to members
- An **alternative approach** to other Lloyd's syndicates, leveraging the **relationships, knowledge, service** of The Standard Club
- Early **performance** has been highly encouraging, in terms of:
 - Premium levels achieved
 - Support from the club's members and brokers
- **Ambitious plan** for 2016 and beyond, in order to achieve scale; we will need to build further on the support from members



The Standard Syndicate – approach

- Marine and energy covers **tailored to operators' needs**
- **Lloyd's insurance in local markets**
- Alignment of **club and member interests** in directing attractive business to the Syndicate
- Underwriting excellence for long-term **sustainability and profitability** – based on **knowledge of the risk**
- Club quality **service** and **claims handling**
- **Focus on low catastrophe risk**

A differentiated approach, leveraging the relationships, knowledge, service of The Standard Club

Conclusion



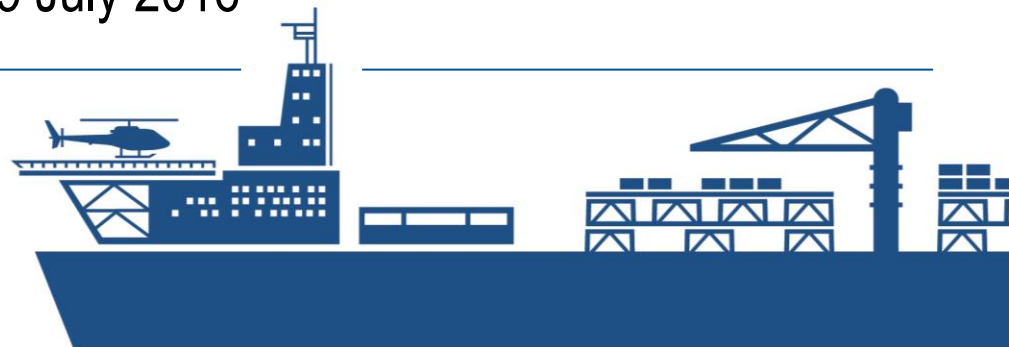
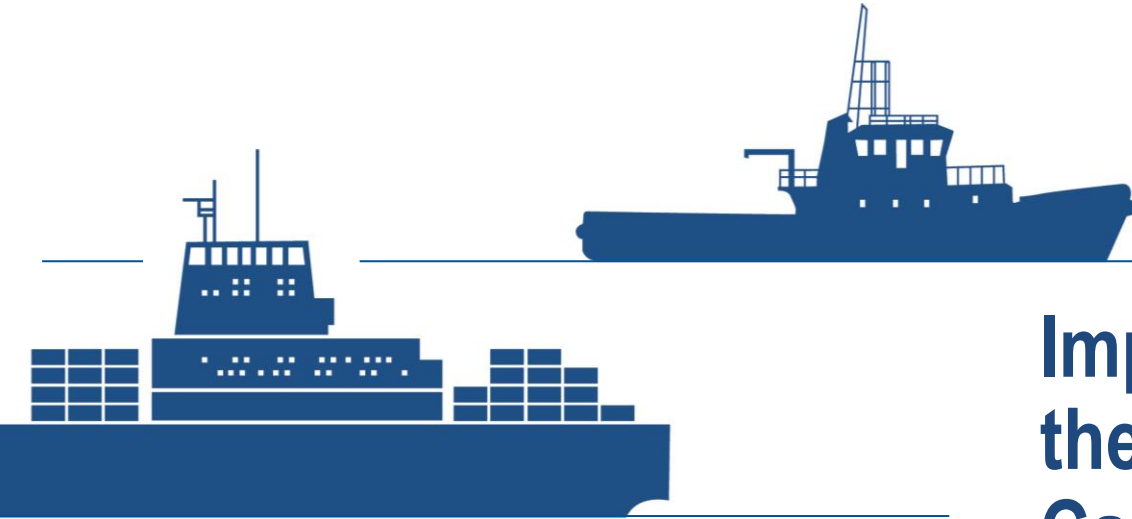
The Standard



Impact of the abrogation of the Domestic Waterway Cargo Rules

Professor James Hu, Professor of Law
Shanghai Maritime University

19 July 2016



《货规》废止的影响与对策

Impact of abrogation of Domestic Waterway Cargo Rules



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《货规》废止与原因

■ 《货规》废止

- 1973年制定，1987年、1995年和2000年修正。
 - 1973和1987版：承运人包括“两港一航”；1995版：承运人限于航运公司；2000版：《货规》和《港规》分列。
- 2016年5月30日，交通运输部公布《交通运输部关于废止20件交通运输规章的决定》，自公布之日起施行；
 - 包括2000年8月28日原交通部公布的《国内水路货物运输规则》（《货规》）和《港口货物作业规则》（《港规》）；
- 宣告在我国延续四十多年的国内水路货物运输合同和港口作业合同主要由交通运输部（原交通部）制定的民事规章调整的做法结束。

■ 废止的原因

➤ 交通部制定和公布这两个规则缺乏严格的法律依据

- 《立法法》第71条：“国务院各部、委员会、中国人民银行、审计署和具有行政管理职能的直属机构，可以根据法律和国务院的行政法规、决定、命令，在本部门的权限范围内，制定规章。部门规章规定的事项应当属于执行法律或者国务院的行政法规、决定、命令的事项。”
- 《港规》和《货规》：民事权利义务规定，没有严格意义上的上位法依据，且不属于执行法律或者国务院的行政法规、决定、命令的事项。

➤ 主管部门和行业的一些人认为这两个规则实际发挥的作用有限。

《货规》废止的影响

■ 《货规》作用回顾

➤ 我国庞大的国内水路运输市场

项 目	沿 海	内 河
船舶（艘）	10721	152500
DWT（万吨）	6857.99	12494.01
集装箱箱位（万TEU）	53.33	27.05
货运量（亿吨）	19.30	34.59
货物周转量（亿吨公里）	24223.94	13312.41
码头泊位（个）	5899	25360
吞吐量（亿吨）	81.47	46.03

- 数据来源：交通运输部：《2015年交通运输行业发展统计公报》

➤ 调整国内水路货物运输法律缺失

- 《海商法》第四章“海上货物运输合同”不适用于国内水路货物运输合同

《海商法》制定时国际运输与国内运输法律差异

内 容	国内运输	国际运输
适用的法律	经济合同法、货规	Hague-Visby Rules
承运人	两港一航	船舶所有人或承租人
承运人归责原则	过错责任	不完全过错责任
赔偿责任限制	无	有 (COSCO B/L: 700元)
运输单证	运单	提单
受国家运输计划影响	有	无

- 《合同法》不能对国内水路货物运输合同进行全面和适当调整
 - 第十七章 “运输合同” 规定简单，第一节 “一般规定” 5条，第三节 “货运合同” 13条，共18条；《货规》 96条。
 - 例如：运单，《合同法》第十七章没有规定运单，仅在第310条提及运输单证。
 - » 第310条收货人在约定的期限或者合理期限内对货物的数量、毁损等未提出异议的，视为承运人已经按照**运输单证**的记载交付的初步证据。

➤ 《货规》在实施期间发挥的重要作用

◆ 《货规》内容

- 第一章 总 则
- 第二章 运输合同的订立
- 第三章 运输合同当事人的权利、义务
 - 第一节 托运人
 - 第二节 承运人
- 第四章 运输单证
- 第五章 货物的接收与交付
- 第六章 航次租船运输的特别规定
- 第七章 集装箱运输的特别规定
- 第八章 单元滚装运输的特别规定
- 第九章 附 则

- ◆ 国内水路货物运输的承运人、托运人、实际承运人和收货人的行为规则；
- ◆ 法院处理国内水路货物运输合同纠纷案件的依据：最高人民法院2012年12月24日《关于国内水路货物运输纠纷案件法律问题的指导意见》：
 - 第1条：“人民法院审理国内水路货物运输合同纠纷案件……**可以参照《国内水路货物运输规则》的有关规定**。人民法院参照《国内水路货物运输规则》确定当事人权利义务时，应当在判决书说理部分引用论述，但不应作为判决书引用的法律依据。”
 - 第2条：“当事人在国内水路货物运单或者其他运输合同文件中明确约定其权利义务适用《国内水路货物运输规则》规定的，**人民法院可以按照《国内水路货物运输规则》的有关规定确定合同当事人的权利义务**。”

■ 《货规》废止的具体影响

- 使得国内水路货物运输合同法律依据更加缺乏；
- 实际承运人、运单、货运记录等《合同法》没有规定的内容缺乏法律依据；
- 危险货物、舱面货、散装液体货物、活动物、有生植物、重大件货物、集装箱货物、单元滚装货物等特殊货物运输，以及货物交接等失去特殊规则；
- 承运人基本义务与免责、托运人义务、收货人义务等缺失可操作性规则；
- 国内水路货物运输合同法律的完善变得更加迫切；
 - 背景：长江经济带战略和“一路一带”战略构想的实施，国内水路货物运输将进一步发展；2014年10月28日《中共中央关于全面推进依法治国若干重大问题的决定》发布以来，依法治国已成为治理国家的基本方略。

宜采取的对策

■ 修改《海商法》

- 从长远角度，应当尽快将《海商法》的修改列入国家立法计划，通过对《海商法》第四章“海上货物运输合同”的修改，使之适用于国内水路货物运输合同，从根本上解决国内水路货物运输合同的法律依据问题。
 - 国内水路货物运输合同：包括沿海货物运输合同和与海相通的内陆可航水域货物运输合同；
 - 对国内水路货物运输合同作出特别规定：承运人归责原则与免责、无赔偿责任限制、运单、货物交接（货运记录）。

■ 制定司法解释

- 最高人民法院依据《合同法》，结合审判实践，为审理国内水路货物运输合同纠纷案件，制定相应的司法解释；
 - 尽快弥补国内水路货物运输合同和港口作业合同法律依据缺乏的最佳选择；
 - 明确：实际承运人、运单、货运记录、舱面货、活动物、货物交接等。

■ 制定合同与运单推荐格式

- 民间组织（如中国船东协会）制定或修订，供合同当事人选用；
 - 一般水路货物运输合同，航次租船合同，水路集装箱运输合同，水路单元滚装货物运输运单，年度合同（COA），运单；
 - 标准运输条件（Conditions of carriage），并在运单中订立并入条款。
- 目标：将《货规》主要内容转化为合同（运单）条款。

■ 订立完整的水路货物运输合同

- 减少实践中合同纠纷的重要方法；
- 明确当事人的具体权利义务。

《货规》废止的影响与对策

Impact of abrogation of Domestic Waterway Cargo Rules



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- 3 Countermeasures to be taken

■ Abrogation of Cargo Rules

- First promulgated in 1973, revised in 1987, 1995 and 2000;
 - In 1973 and 1987 edition: carrier included loading port, discharge port and shipping company; in 1995 edition: carrier was limited to shipping company; in 2000, Cargo Rules and Port Rules were separated.
- On 30 May 2016, the Ministry of Transport enacted its Decision to Abrogated 20 Rules relating Transportation which came into as of the date of enactment, including the Domestic Waterway Cargo Transport Rules (Cargo Rules) and Port Cargo Operation Rules (Port Rules);
- Declaring the end of the practice of regulating domestic waterway cargo transport contract and port cargo operation contract by means of civil rules promulgated by the Ministry of Transport which lasted for more than 40 years.

■ Causes of abrogation

- Lacking of legal basis for the Ministry of Transport to make and enact these Rules
 - Art.71 of the Law on Legislation: “The various ministries, commissions, the People's Bank of China, the Auditing Agency, and a body directly under the State Council exercising regulatory function may enact administrative rules within the scope of its authority in accordance with national law, administrative regulations, decisions or orders of the State Council. “
 - The Cargo Rules were of the nature of civil law and did not have their basis of high level law and were not within the scope of its authority in implementing a national law, administrative regulation, decision or order of the State Council in strict sense.
- Several persons from the Ministry of Transport or industry are of the view that the Cargo Rules Played only limited role in practice.

Impact of abrogation

■ Review of role played by the Cargo Rules

➤ Huge domestic water transport market in China

Items	Costal trade	Inland navigation
vessels	10721	152500
DWT (1,000 tons)	68579.9	124940.1
TEU (1,000)	533.3	270.5
Volume of cargo (million tons)	1930	3459
Turnover (million tons ×km)	2422394	1331241
Berth	5899	25360
Port turnover (million tons)	8147	4603

• Data in 2015

➤ Lack of law regulating domestic waterway cargo transport

- Ch. 4 “Contract of carriage of goods by sea” of the Maritime Code is inapplicable to domestic transport
 - ✓ Differences between international transport and domestic transport when the Maritime Code was adopted

Contents	Domestic	International
Applicable law	Economic Contract Law, Cargo Rules	Hague-Visby Rules
Carrier	Two ports + shipping Company	Shipowner or charterer
Basis of liability of carrier	Fault liability	Incomplete fault liability
Limitation of liability	No	Yes (COSCO B/L: RMB700)
Transport document	Waybill	Bill of lading
Subject to State transport plan	Yes	No

- The Contract Law is unable to comprehensively and properly regulate contracts of domestic waterway cargo transport.
 - Simple provisions of Ch.17 “Contract of Transport”: 5 articles in Sect.1 “General Provisions”, 13 articles in Sect.3 “Contract of Transport of Cargo”, 18 articles in total vs 96 articles of Cargo Rules;
 - E.g.: Ch.17 of the Contract Law has no provision regarding waybill, but only refers to transport documents in Art.310.

➤ Important role played by Cargo Rules in practice

- Rules of conducts of carrier, shipper, actual carrier and consignee in domestic waterway cargo transport;
- Legal basis for trial of cases by courts of law: The Guiding Opinions Regarding Legal Issues of Domestic Waterway Cargo Transport issued by the Supreme Court on 24 December :
 - ✓ Art.1: The Courts **may refer to the Cargo Rules** in determining the rights and obligations of the parties.
 - ✓ Art.2: Where the parties agreed in waybill or other transport contract document that their rights and obligations are subject to the Cargo Rules, the court **may** determine the rights and obligations of the parties **in accordance with the Cargo Rules**.

■ Specific influences of abrogation

- Making the lack of legal basis for domestic waterway cargo transport contracts more serious;
- Causing actual carrier, waybill, cargo transport record and other contents which the Contract Law does not have any provisions lack of legal ground;
- Losing the special rules regarding transport of special cargoes such as dangerous cargo, deck cargo, liquid cargo in bulk, live animals, plants, heavy lift, container cargo and truck loads and the special rules regarding cargo receipt and delivery;
- Losing the enforceable rules regarding the basis obligations and exemptions of liability of the carrier, the obligations of the shipper or consignee;

➤ The need for improvement of the law of domestic waterway cargo transport contract becomes more urgent:

- Background:

- ✓ The implementation of the State strategy of Yangtze River Economic Belt and “One Belt One Road” shall promote further development of domestic waterway cargo transport;
- ✓ Governing the State according to law has become a basic principle of State administration since the issuance of the Decisions on Certain Important Issues of Comprehensively Promoting Governing the State according to Law by the Central Communist Party on 28 October 2014.

Countermeasures to take

■ Revising the Maritime Code

- From a long perspective, revision of the Maritime Code should be listed in the State legislative plan. Ch.4 of the revised Maritime Code shall be applicable to domestic waterway cargo transport contracts in order to solve the legal issues in this regard from the root;
 - The domestic waterway cargo transport contracts shall include (a) domestic coastal cargo transport contracts and (b) contracts of cargo transport in inland navigation;
 - Making special provisions regarding domestic waterway cargo transport contracts: basis of liability and exemption of liability of carrier, non-limitation of liability, waybill, cargo taking over and delivery (cargo delivery record).

■ Enacting judicial interpretation

- The Supreme Court shall enact a judicial interpretation for the trial of cases of disputes arising from domestic waterway transport contracts by virtue of the Contract Law and combining judicial practice;
 - The best option to make up for the lack of statutory provisions of domestic waterway transport contracts soonest;
 - To stipulate: actual carrier, waybill, cargo transport record, transport of special cargoes, cargo receipt and delivery etc.

■ Making recommended contract and waybill forms

- To be made or revised by NGOs such as China Shipowners Association for the use of contractual parties;
 - Types: general waterway cargo transport contract, voyage charterparty, waterway container transport contract, waterway truck load transport contract, contract of affreightment (COA), waybills;
 - Conditions of carriage to be incorporated into waybills.
- ❑ Objective: to convert the main contents of the Cargo Rules into terms of contract or waybill.

■ Ensuring completeness of waterway cargo transport contracts

- An important way to reduce disputes in practice;
- To contain detailed provisions regarding rights and obligations of the parties in a contract.

The Standard



Implementation of Verified Gross Mass (VGM)

Huang Bo, Managing Director, Teamhead Marine Surveyors Co Ltd

Rahul Sapra, Senior Surveyor, Charles Taylor Mutual Management (Asia) Pte Ltd

19 July 2016

POTENTIAL RISKS FOR SHIPOWNERS FOLLOWING THE IMPLEMENTATION OF VGM IN CHINA

Huang Bo
Manager Director

Teamhead Marine Surveyors Co., Ltd.



VGM in China

Notice

- Shipper has the responsibility and legal obligation to verify the actual weight of the packed container prior to shipment

Question

- No requirements relating to the qualification, certification or reliability of the Shippers



VGM in China

NOTICE

Local MSA random checking

RESPONSE OF MSA

Supervision followed by verification
Budget prepared and personnel in place
0.5% under preliminary arrangements

RISKS

Suspend loading
Container shifting / restowing

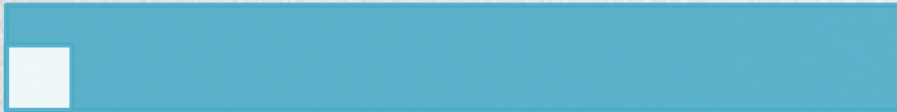


VGM in China



VGM in China

NOTICE



- ☐ Weighing equipment
- ☐ Meets accuracy standards
- ☐ Qualified by MTI


Tianjin Port



- ☐ Equipped with suitable weighing scale; but
- ☐ Uncertainty in weighing operation & the authenticity of data
- ☐ More questions: one truck carrying two containers



VGM in China



The 8.12. 2015 explosion

Pressure of competition

- Rejected by
Tianjin port
group

- Increasing fees

- Participation

Forwarder Associations,

No particular comment on VGM

Fully agree with the issuing of certificates by shipper themselves

Protest against any extra charges



VGM in China

The Decision of CIQ dated Nov.23 2015 Article II

- **Article II**
- The DECISION applied to quantity and weight inspection of import & export cargo within China
- **Article IV, Clause VI**
- Bilateral and multilateral agreements, international treaty provisions or international organizations designate import and export commodities
- **Article No.29:**
- Violation of such provisions relating to quality supervision, inspection and authentication of import and export commodities without the approval of the General Administration will attract fines.



CONCLUSION

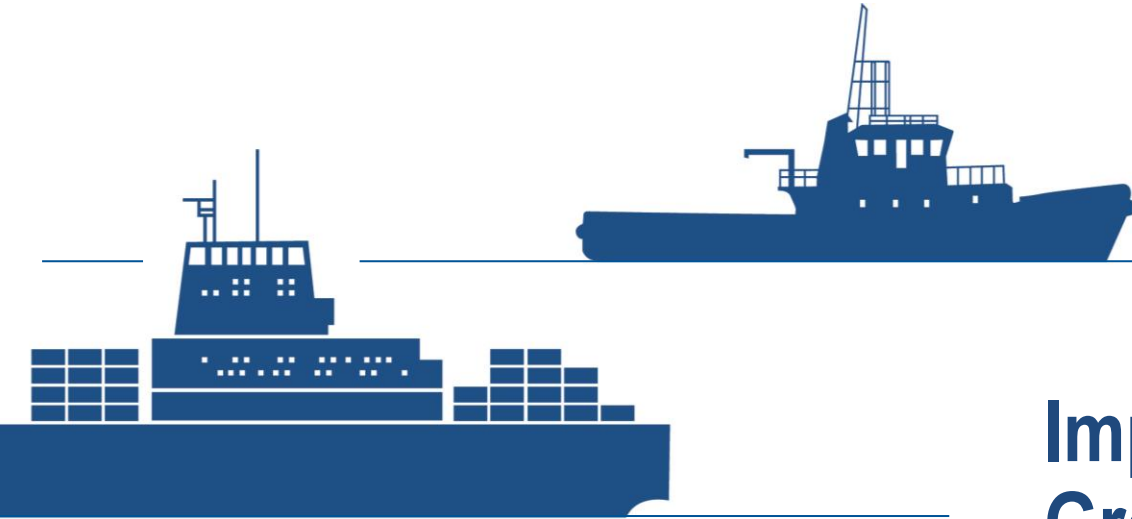
Shipowners face uncertainty and potential risks following the implementation of VGM regulations in China. Recent events at Tianjin port, for example, reflect the potential risks to shipowners, terminals and all other interested parties, particularly during the preliminary stages of the implementation of VGM regulations.



END

Thanks

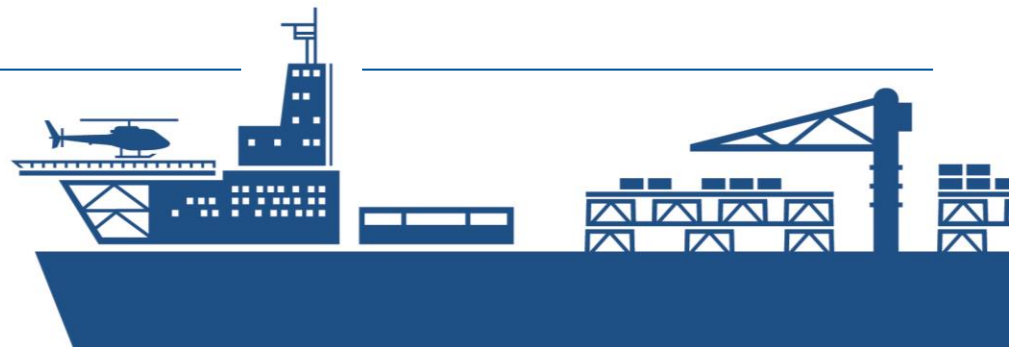
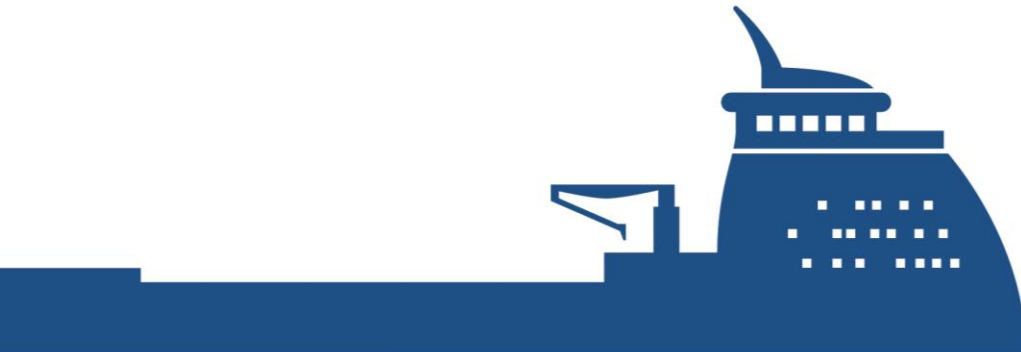




Implementation of Verified Gross Mass(VGM)

Rahul Sapra, Senior Surveyor

19 July 2016



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01 VGM – why?

02 VGM – requirements

03 Process and planning

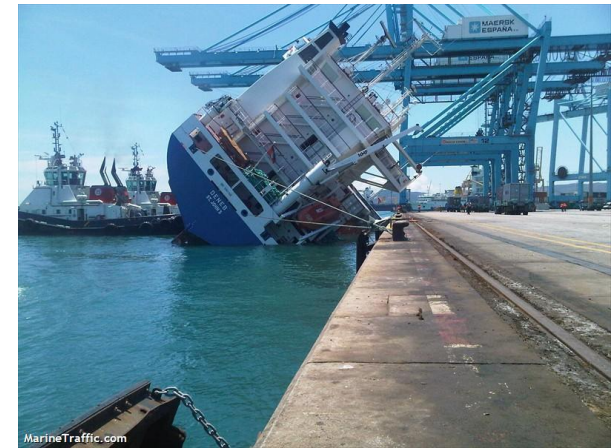
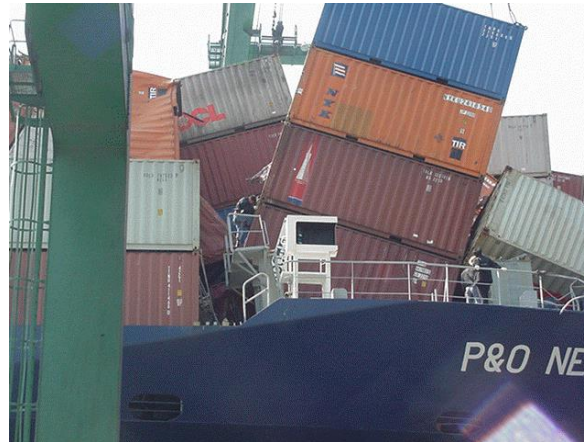
04 Key questions

05 P&I perspective

06 Guidance

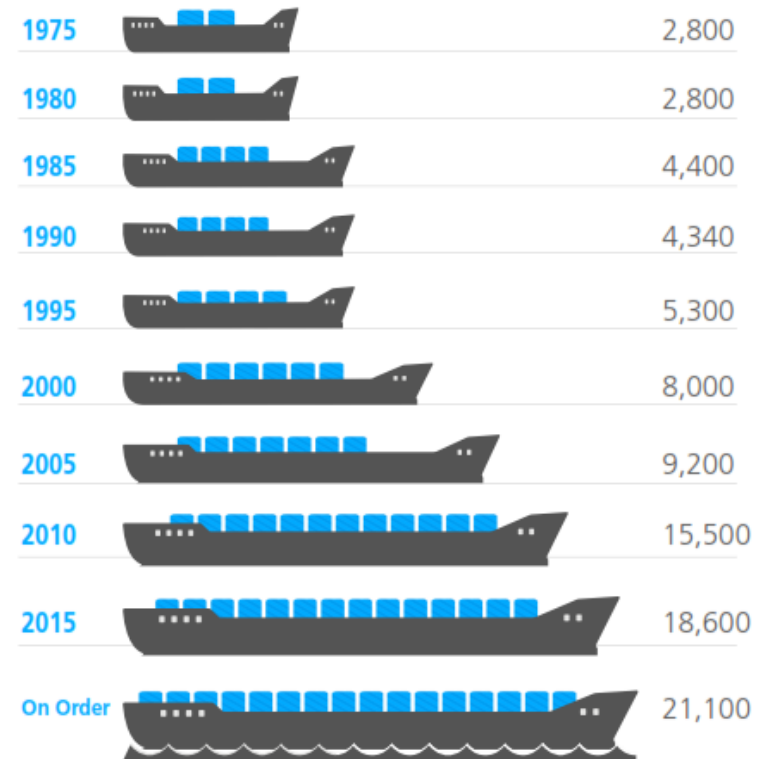
VGM – why?

- 2006 – ‘P&O Nedlloyd Genoa’ container collapse
- 2007 – structural damage to ‘MSC Napoli’
- 2011 – Capsizing of ‘Deneb’



VGM – requirements

- 1 July 2016 - SOLAS Reg. VI/2 requiring mandatory weight verification of packed containers
- Enforcement falls within the competence of the contracting Governments
- Fundamental principle of ‘no VGM-no load’



Source: IHS Maritime & Trade

VGM – requirements

- Shipper to provide a signed ‘verified gross mass’ of the container to the master of the ship (or their representative) and the terminal in advance of the container being loaded
- Two methods of weight verification
 - Method 1 – weigh the loaded container (certified and calibrated as per national regulations)
 - Method 2 – Weigh all contents of the container and add it to the tare weight

VGM – requirements

Who is the shipper?

- A legal entity or person who is named as the shipper on a bill of lading, sea waybill or equivalent multimodal transport document
- A legal entity or person who, or in whose name or on whose behalf, a contract of carriage has been concluded with a shipping company
- The owner or exporter of the cargo; and Hauliers, freight forwarders or Non-Vessel Operating Common Carriers (NVOCC) acting on behalf of the above.
- For containerised cargoes with more than one shipper, i.e. in the case of Less-Than-Container Load (LCL) cargoes, the master shipper that is named on the bill of lading

VGM – requirements

Role and responsibility

- Shipper
 - Verified Gross Mass (VGM) of a packed container is obtained using either Method 1 or 2
 - VGM is recorded on the shipping document and submitted to the terminal operator and the vessel's master or his representative in a timely manner.
- Terminal operator and vessel master
 - Laden containers are not loaded onto a ship unless the VGM is obtained
 - Submitted VGM is used for ship stowage planning.

However

*More information on the World Shipping Council's website and The Standard Club website

[illegible]

VGM – requirements

- Argentina, Denmark, France, Japan, Singapore, UK - 5% allowance
- Canada - 5% variation in VGM but not more than 500 kg.
- China - within 5% or 1 ton (whichever is smaller)
- Hong Kong - 5% for containers above 10 T and 0.5 T for below 10 tons
- India - maximum variance of +/- 1000 kg (1 ton)
- Italy - tolerance of 3%
- South Africa - 2% enforcement tolerance
- USA - equipment to comply with Federal or State laws

Process and planning

Shipper / Freight
Forwarder

Carrier / NVOCC

Booking request
VGM
BL

Booking confirmation
acknowledgement
shipping instruction
BL

Key questions

Who is responsible to provide VGM?

- Shipper noted on the BL

Acceptable weight tolerances?

- As per the local regulations.
- Many countries have not issued any guidance

Who enforces the regulations?

- Each country's 'competent agency'

Wasn't shipping weight required previously?

- Declaration of weight was required, however verification is a new requirement

What if VGM is not provided?

- Container will not be loaded

Formal layout of the VGM certificate?

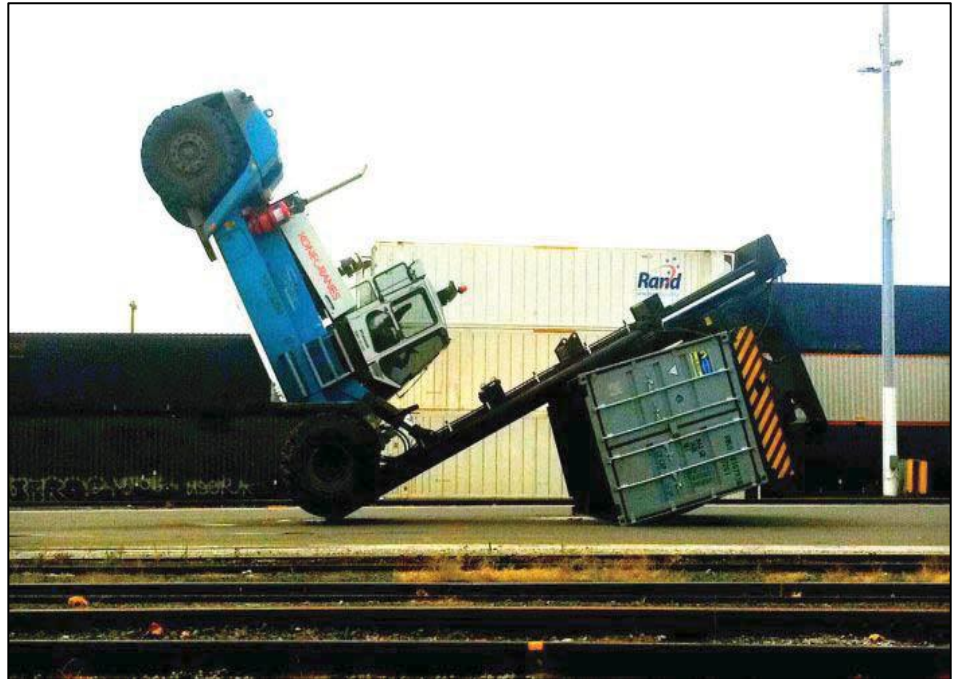
- There is no formal layout. Electronic submission is allowed.

P&I perspective

Master should be able to demonstrate that there is a procedure to ensure that only containers with VGM are allowed onboard.

Carrier is not responsible to check the weight and is to rely on shipper's signed VGM

Carrier would be in violation if it knowingly loads a container with inaccurate weight or without VGM



Guidance

Agree on the exact method and form in which VGMs are to be communicated

Contracts should deal with liabilities flowing from non-compliance.

Establish procedures for practical application and compliance

Agree cut-off times to ensure information is received in advance

Protective clauses to exclude liability for re-packing, re-stowing and storing

Who's responsible for this container with unverified mass?



The Standard



Collision case handling in the Zhejiang Area

Patrick Xu, Senior Partner

Wintell & Co

19 July 2016

浙江海域 碰撞事故处理

**COLLISION CASE HANDLING IN THE ZHEJIANG
AREA**

徐全忠 律师

2016年7月19日



概要

- ◆ 事故分级
- ◆ 海事调查内容
- ◆ 担保&预付款
- ◆ 强制清障&船舶打捞
- ◆ 碰撞后逃逸

事故等级是海事局在进行碰撞和污染事故调查时的重要内部指标。事故等级影响海事局调查投入力量、事故调查报告出具程序等。

考虑因素

- i. 人身伤亡情况
- ii. 直接经济损失
- iii. 海洋环境污染



五级事故

i. 特别重大事故

30人以上死亡；
或100人以上严重受伤；
或1,000吨以上燃油泄露；
或造成10亿以上直接经济损失；

ii. 重大事故

10-30人死亡；
或50-100人严重受伤；
或500-1000吨以上燃油泄露；
或造成5-10亿以上直接经济损失；

iii. 较大事故

3-10人死亡；
或10-50人严重受伤；
或100-500吨以上燃油泄露；
或造成1-5亿以上直接经济损失；

iv. 一般事故

1-3人死亡；
或1-10人严重受伤；
或100吨以下燃油泄露；
或造成100万到1亿直接经济损失；

v. 小事故

未达到一般事故等级的事故

海事调查通常内容

- i. 询问有关人员并制作书面询问记录；
- ii. 获取VDR数据、航海日志等事故船舶、人员等的相关证书、文件；
- iii. 检查船舶、设施等并核实事故发生前船舶的适航状态、设施的技术状态；
- iv. 勘查事故地点，收集物证，包括：沉船打捞、油漆取样和比对；

海事调查新关注点

船舶ISM体系及其履行情况



碰撞事故潜在担保

- i. 对航海过失和/或管理过失的行政处罚担保;
- ii. 海洋环境污染的行政处罚担保;
- iii. 提供给海事局和/或船舶污染清除单位的应急防污染处置费用担保;
- iv. 对财产损失和/或人身伤亡索赔的民事担保;

预付款

- i. 碰撞事故中的预付款 (prepayment)
- ii. 预付款与保证金 (cash deposit)



对船舶责任限制基金的影响

- i. 担保对责任限制基金的影响
- ii. 预付款对责任限制基金的影响

强制清障的条件

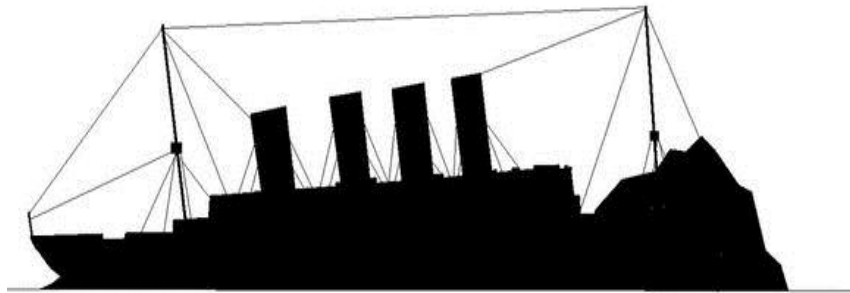
- i. 影响安全航行
- ii. 影响航道整治
- iii. 有潜在爆炸威胁

强制清障的费用

- i. 支付责任主体
- ii. 费用的追偿

船舶打捞

- i. 船东自己实施的打捞—— 强制清障or 施救行为？
- ii. 海事局组织的打捞 —— 不一定是强制清障？
- iii. 船舶打捞的潜在争议 —— 性质争议所引起的费用争议？



对事故责任比例影响

全部责任或主要责任

船员潜在刑事责任

- i. 海事机关建议追究刑事责任
- ii. 海警刑事侦查
- iii. 检察院审查起诉
- iv. 法院审理

案例—“KOTA NEBULA”轮案

案情简介：“KOTA NEBULA”轮与浙江渔船碰撞，导致渔船沉没、7名渔民死亡或失踪；该轮未采取施救措施也未向海事机关汇报，离开现场。

船员最终刑事责任：罪名：交通肇事罪

刑期：三年～四年

影响：国内首例外籍船员因船舶碰撞事故以交通肇事罪入刑



谢谢！

Regulatory status

The Standard Club



The Standard Club Ltd is regulated by the Bermuda Monetary Authority. The Standard Club Ltd is the holding company of the Standard Club Europe Ltd and the Standard Club Asia Ltd. The Standard Club Europe Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Standard Club Asia Ltd is regulated by the Monetary Authority of Singapore.

The Standard Syndicate



The Standard Syndicate 1884 is managed by Charles Taylor Managing Agency Ltd, a Lloyd's managing agent, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Standard Syndicate Services Limited, trading as 1884 Europe, is a service company and a Lloyd's coverholder that is part of the Charles Taylor PLC group of companies. The Standard Syndicate Services Limited is an appointed representative of Charles Taylor Managing Agency Ltd which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Standard Syndicate Services Limited has authority to enter into contracts of insurance on behalf of the Lloyd's underwriting members of The Standard Syndicate 1884 which is managed by Charles Taylor Managing Agency Ltd.

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Thank you for coming

