

International Tug & OSV

INCORPORATING SALVAGE NEWS

January/February 2014



In the Arctic: Demands on structures and crew

Wreck removal: Ever-spiralling costs

Asia: Taking the green message to heart

Pollution control from P&I perspective

When it comes to recent casualties, environmental considerations are being taken into account more often. Sam Kendall-Marsden, syndicate director, Charles Taylor, managers of The Standard Club, offers a view on pollution control from a P&I Club's perspective.



► Sam Kendall-Marsden.

Environmental considerations, including pollution control, are having an ever-increasing bearing on the handling of major casualties. This is a natural development that reflects the growing importance of environmental issues generally.

This article approaches the issue of pollution control in the context of a major casualty from a P&I insurer's perspective. The Standard Club is one of 13 clubs forming the International Group of P&I clubs. Between them, the clubs insure approximately 95 per cent of the world's ocean-going tonnage. The clubs are mutual insurance associations of ship owners whose core function is to provide comprehensive cover for third-party liabilities including in relation to wreck removal and pollution.

Club cover for wreck removal responds when the relevant authorities impose a legally-binding wreck removal order on a ship owner when the ship has become a total loss following a casualty, and the owner's hull and machinery underwriters have rejected the abandonment of the ship to them. In broad terms, club cover responds to an owner's liabilities for, or incidental to, the raising, removal, destruction, lighting or marking of a wreck and traditionally related issues.

It is not necessary for the above conditions to be satisfied in order for club cover for pollution liabilities to respond, but often pollution will be an unfortunate consequence of a major casualty. P&I cover responds to a ship owner's liabilities arising out of the discharge or escape of any substance from an entered ship and traditionally related issues.

Common forms of pollution in a casualty context include bunker spills, the escape of oil or other goods carried as cargo and, in the container trade, pollution caused by the loss of container shells themselves.

In addition to possibly issuing a wreck removal order, the local authorities with jurisdiction over a casualty may issue directions in relation to pollution-related matters. These orders may not only relate to pollution once it has occurred, but also to try to prevent pollution occurring in the first place. An example of this might be an order to remove bunkers from a stricken ship, to avoid a potential pollution incident. Whichever of the owner's hull and machinery or P&I underwriters are involved, key questions for insurers include whether the authorities' requirements are reasonable per se, and how a bunker removal operation sits within the overall strategy for salvage or wreck removal.

Sometimes, it will be the best option to remove bunkers to mitigate the risk of

damage to the environment before further work takes place. However, there will be instances where there is no immediate threat to the environment, so it is unnecessary to conduct a separate bunker removal operation. To do so could increase costs and delay salvage or wreck removal, which could reduce the prospects of the operation being a success.

There is clearly scope for tension here – which can be magnified if the ship owner is susceptible to local pressure being brought to bear, which might be the case if they have business interests in the area.

“There have been instances where authorities have required clean-up measures that, based on technical advice, have not been required and could actually cause more harm than good.”

Other areas of potential friction are where local authorities mandate what are perceived to be unreasonable requirements in terms of pollution clean-up, environmental protection and monitoring. By unreasonable, it is usually meant that the authorities' requirements are thought to be excessive with reference to the environmental benefits they may confer, also taking account of cost considerations.

There have been instances where authorities have required clean-up measures that, based on technical advice, have not been required and could actually cause more harm than good. An example of this is requiring pressure washing or the use of chemicals to remove oil from rocky shorelines. Sometimes, the mechanical action of the sea is a more effective remedial measure and one that does not cause further environmental damage.

Pressure to be seen to be doing something can drive excessive demands, which may

result in requirements that are ineffective, that can be positively harmful and that lead to increases in cost. This is a concern not just to insurers but also to ship owners, as increases in claim costs have a knock-on effect on the cost of insurance. This should also be a concern to authorities because unreasonable demands, not just in relation to pollution, but also in relation to other issues such as wreck removal, could lead to increased insurance costs that cannot reasonably be sustained. That in turn could lead to restrictions in the scope and extent of cover available – which could restrict the ability of owners and their insurers to respond effectively to future incidents

P&I club cover responds to a member's legal liabilities in relation to pollution, subject to the club's rules and the particular terms of the ship's entry in the club. Clubs support their members by attending the scenes of major casualties and providing practical advice and assistance, as well as technical input in relation to insurance and legal issues. In the context of pollution arising out of a major casualty, this might involve drawing upon the technical expertise of pollution experts, engaging professional salvors, pollution responders and advisors, and liaising with the authorities.

It is important to try to ensure the pollution response is appropriate, effective, proportionate to the benefits it is likely to confer, and also cost-effective. The Standard Club has considerable experience in handling major casualties involving pollution issues, such as *MSC Chitra* and *Costa Concordia*. We believe the best outcomes are achieved when insurers, ship owners, technical experts and authorities work together to try to achieve a common purpose of effectively preventing or minimising environmental damage in a proportionate and cost-effective way.

Fire alarm also detects hazards

Sea-Fire has released its Triton 8 Fire Alarm Panel: an addressable system enabling up to 256 detectors or manual call points.

It offers a highly flexible configuration that can report not only smoke or fire, but potential hazards such as short circuits. It also provides measurement of any detectors that might malfunction due to clogging.

The Triton 8 bears DNV type approval, Wheelmark certification and ABS Design

approval, for use on Class vessels. Each of the system's eight loops has 32 configurable zones, creating the 256 monitoring points. This addressable system is superior to traditional two-wire, zone-based alarm panels, which only indicate the general area of a fire event. It also reduces the amount of installation wiring needed and offers flexibility in the number of detectors/call points in a specific area onboard.