



Asia alert

THE financial crisis in South-East Asia is predictably having a knock-on effect for shipowners operating to the area. Whenever there are sudden movements in

prices of commodities, stocks and currencies, the Club notices an increase in members being potentially exposed to the



consequences of fraud and other economic crimes. A more immediate effect of this crisis is an increase in the instances of piracy.

Difficulties encountered by members often involve bills of lading, for example requests to antedate bills or to compromise on the description of cargo. Proper and long-established procedures relating to cargo documentation have not been updated to keep pace with increasingly sophisticated and high-speed trading

methods. This has led over the years to the emergence of practices which bypass the systems and in some instances expose carriers to massive potential liabilities. For example, carriers now often commit themselves to delivery of cargo without

production of bills of lading.

A general absence of claims during recent periods of economic stability

has created a false sense of security. There is a danger of carriers forgetting that claims resulting from delivery of cargo without production of bills of lading are excluded under their P&I rules.

Members are reminded of their potential exposure in this regard, and urged also to reflect upon the security of any indemnities issued by traders. In times of economic turmoil, apparently sound companies can collapse very quickly, sparking wrongful delivery claims and rendering any indemnities worthless.

Warning on ISM certification

WITH the implementation date for the first stage of ISM certification now almost upon us, the Club is aware that some shipowners are experiencing problems obtaining properly authorised certification.

ISM auditing bodies must be specifically authorised by the relevant vessel flag state administration. In recent months, the Club has received copies of Documents of Compliance (DOCs) and Safety Management Certificates (SMCs) issued on behalf of many flag states, but some SMCs are issued by the auditing body without authority from the flag state. In other cases, authorised SMCs are issued, but not backed up by similarly authorised DOCs.

Members are reminded that ISM certificates and documents not authorised by the relevant flag state authority do not comply with the requirements of the Code, and the certification may not be acceptable to the various bodies policing compliance, *e.g.*, Port State Control.

Club members are urged to verify that all their ISM certification is issued by, or on behalf of, the relevant flag state.

Millennium bugs shipping

SHIPPING is not going to escape the many problems posed by the approaching millennium change. Electronic chips are not only found in computer hardware and software.

Onboard systems which could be affected include those governing fire alarms and sprinklers, engine management, alarms, radar and navigation, cargo handling and tank control, and communications. In addition, GPS receivers may be affected by the global positioning system reaching the end of its 1024-week cycle on August 21, 1999.

Research shows that between twenty and thirty per cent of the fifty-plus chips in such equipment in a modern ship may not be millennium-

compliant, with a variety of attendant problems. These same problems will also impact on the whole infrastructure which supports shipping, including port operations, cargo terminal systems and equipment, traffic management systems and coastguard controls.

It is essential that those members who have not already done so should immediately implement their response to the problems posed by the change in millennium. This will mean compiling a complete inventory of all hardware and software systems, including equipment with embedded chips, and then deciding whether to repair or replace each item in the inventory and testing each item that remains to ensure that it is

millennium-compliant. The International Group of P&I Clubs is holding conferences over the next two months in various parts of the world to raise awareness of the problems. London Club members, meanwhile, are reminded that sources of technical advice and support to ensure millennium compliance are expected to become increasingly scarce, so it is prudent to take action sooner rather than later.

Beware crew contracts

MEMBERS are reminded that, where their liability to pay compensation or damages for personal injury or death of a seaman arises under the terms of a crewing contract, it is a condition of Club cover that those terms have been agreed by the Club.

The Club has recently started to see crewing contracts with very vague clauses written into them. Members are encouraged to provide the Club with copies of their crewing agreements and contracts of employment. Wordings which state, "The company insures the employee against death or invalidity caused by accidents according to the insurance against P&I risks" are really quite meaningless.

Up to thirty per cent of ship chips may not be millennium-compliant



Soyabean problems heat up

THE Club has recently become aware of a number of claims involving the carriage of soyabean meal shipped from Mumbai in India.

The problems originate from overheating of the cargo, and have produced potentially substantial claims.

It is understood that the problems may be attributable to freak monsoon conditions in India, and that most shippers have now stopped moving cargo from the affected area.

There are, however, some basis checks that Club members should ensure are carried out in connection with shipments of soyabean meal from India.

- Cargo condition checks, together with any necessary segregation of suspect cargo, must be carried out prior to loading on board the carrying vessel. Without the written approval of the shipper, it is virtually impossible to clause the bills of lading and the mates' receipts with the

appropriate notations after loading has actually taken place.



- Cargo temperatures must be checked accurately. Readings greater than five degrees over ambient temperature must be considered suspect.

- The colour of the cargo should be checked to ensure that there are no dark spots, the presence of which could indicate problems.

- The moisture content of the cargo should be checked carefully. If there is any doubt, random samples should be taken, in conjunction with the cargo interests.

The local Club correspondent should be consulted in the event of any doubts, suspicions or problems.

Steel problems

THE Club has recently been alerted to problems connected with shipments of steel coils from Mexico. Experience over a number of shipments shows the coils to be unusually susceptible to moving, with consequent damage to the cargo. It is understood that the problems stem from the insistence of stevedores in some Mexican ports on tightening strapping bands on the cargo by hand, as opposed to using pneumatic tools. Members should resist attempts by charterers to insert a clause in charter parties accepting the practice of hand-tightening in this trade.

Identity check

SURVEYORS and lawyers representing potentially conflicting interests may seek access to vessels to obtain information which is damaging to the members' interests. They may even misrepresent themselves as "acting for P&I".

Members are therefore advised to remind their ships' masters to check the identity, with evidence, of ships' visitors if they claim to be on board to discuss incidents of a possible P&I nature. Masters should also verify that the visitors are acting with the authority of the member's Club. If in any doubt, contact the Club.

Garbage management

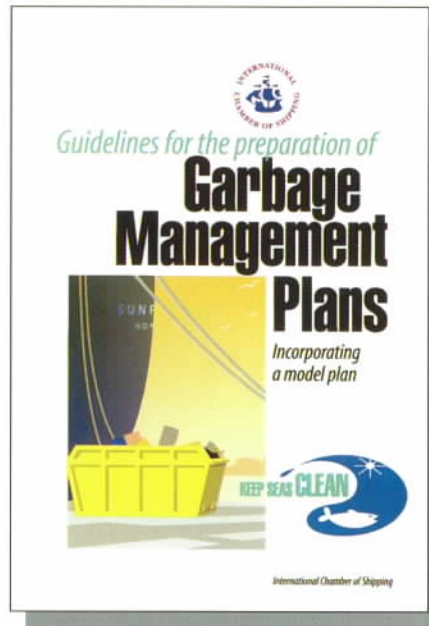
THE dumping of garbage into the sea can be as dangerous as pollution caused by oil spills, although it attracts far less publicity. It also assumes a low priority in many companies, but that could be about to change.

From July 1, 1998, all ships will have to carry a garbage management plan, as required under Marpol.

It is anticipated that ships' garbage management plans will be examined by both flag state and port state control and will be regarded as an integral part of ships' Safety Management Systems as required by the ISM Code.

With all the publicity which the ISM Code has attracted, this topic may have been overlooked. Members are advised to make sure that their garbage management plans are in place in good time.

The International Chamber of Shipping, meanwhile, has published an informative



guide entitled *Guidelines for the preparation of Garbage Management Plans*. This incorporates a model plan to facilitate the development of ship-specific plans and to take account of all relevant IMO regulations and recommendations.

The guide is strongly recommended to all shipping company personnel who need to be aware of the regulatory requirements and technical aspects of garbage management and disposal. Copies can be obtained from Marisec Publications in London. Tel: +44 171 417 8844. Fax: +44 171 417 8877

Piracy debate for Malaysia

AS reported in *StopLoss* 9, there has recently been a resurgence in incidents of piracy affecting merchant shipping, particularly in the Malacca Straits area.

In this regard, members may be interested to know about the Third International Meeting on Piracy and Phantom Ships being organised by the International Maritime Bureau in Kuala Lumpur on June 1 and 2.

Subjects for discussion include shipboard preventative measures, attack reporting procedures and the role of port states.

Any member wishing to send delegates to the meeting should contact the IMB in the UK on: Tel: +44 181 591 3000. Fax: +44 181 594 2833. E-mail: ccs@pipex.dial.com

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