

Loyal membership keeps Club on track for growth

John M Lyras, Chairman of The London P&I Club, has paid tribute to the loyalty of the Club's members during the 2009/2010 P&I renewals programme.

Writing in the Club's 2009 Annual Report, Mr Lyras says that, at a difficult time for the P&I market generally, "The quality and loyalty of the Club's membership gives very considerable comfort indeed."

Mr Lyras says that a substantial increase in premium income, together with an expected improvement in investment returns, means "there is good reason to expect positive results before too long".

The financial position has been considerably strengthened as a result of the determined action taken by the Committee in setting the additional calls in October. The Club achieved a financial year surplus of \$34.6m and a 43 per cent increase in free reserves, to \$115.5m.

Elsewhere in the Annual Report, Mr Lyras notes that the Club has been keenly following issues which either directly or indirectly affect The London P&I Club and its membership. He welcomes, for example, amendments to legislation proposed by governments to impose liability on owners for the abandonment of crew, following



John M Lyras - "the quality and loyalty of the Club's membership gives very considerable comfort indeed."

bankruptcy. And he emphasises that, as originally proposed, the government initiatives - including compulsory insurance - would effectively have transferred the cost of caring for crew exclusively from "less responsible owners to those who take their obligations more seriously".

Mr Lyras says, "Governments seemed to be set on requiring what would effectively be a credit insurance of the liability. This is a type of risk transfer that has always been very difficult to price properly and fairly."

Mr Lyras points out that The London P&I Club, together with other members of the International Group, felt that, in the absence of reasonable control of the exposure of insurance to pre-abandonment obligations, it would be inappropriate for Clubs to give the cover and to certify it. He says, "It was reassuring to hear from the most recent International Labour Organisation and International Maritime Organisation joint meeting in Geneva that pre-abandonment liabilities to be insured and guaranteed would be limited to those accrued during the final four months of employment."

And he adds, "It was more reassuring to learn that the guarantor would be subrogated to the rights of the abandoned crew."

"The International Group Secretariat had made the very important point, in Geneva, that the absence of any subrogation to the crews' rights of arrest would simply have relieved financiers of their obligations, so encouraging irresponsible lending and thereby increasing the problem of abandonment."

"I am very grateful to the Group's Secretariat for its efforts, which appear to have contributed to a decision by governments to introduce a right of subrogation into the relevant convention."

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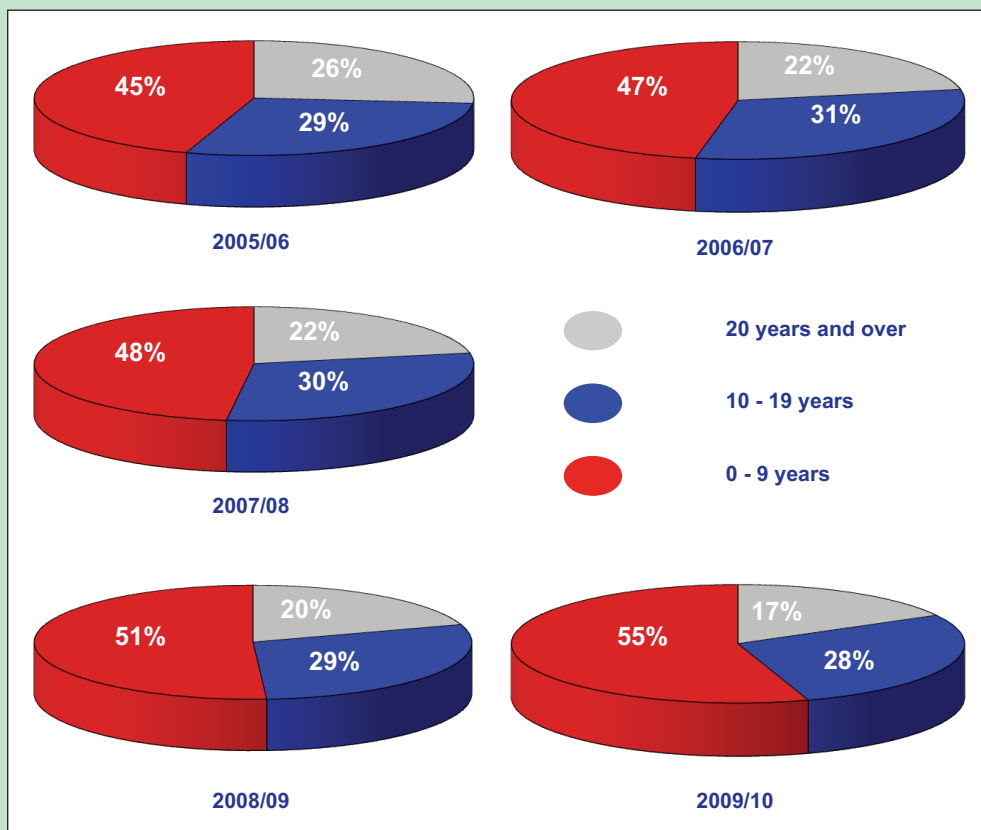


Positive fleet developments continue

The established pattern of steady, controlled growth of entries from new and existing members in The London P&I Club has continued.

Over the last policy year, the Club's tonnage increased by more than 1.5m gt, and the average age of the vessels joining during that period was just over seven years.

At the same time, as the illustration alongside shows, this progress has also contributed to a continuing reduction in the age profile of The London P&I Club's entered ships, with 55 per cent of these being less than ten years old.



The 7,687 gt persistent oil tanker "*Clipper Kitty*" is one of four vessels entered with The London P&I Club by Operadores Maritimas Fluviales SA of Argentina, which has been a member of the Club since 1997.

Change of address

The London P&I Club website and email addresses have changed.

The website address has changed to www.londonpandi.com

The managers' email address is now: firstname.surname@londonpandi.com

The general addresses for email at each of the managers' offices are:

london@londonpandi.com
piraeus@londonpandi.com
hongkong@londonpandi.com

UNITED STATES



The New York Court of Appeals has held that a New York court can order a garnishee bank located in New York to turn over the property of a judgment debtor to a judgment creditor where the judgment debtor is subject to jurisdiction in New York, even when the property is located outside New York.

Following the decision in *Koebler v The Bank of Bermuda Limited*, parties can seek to enforce an unsatisfied overseas arbitration award or judgment in New York by obtaining a turnover order against the judgment debtor's bank, and that bank will be under court order to turn over the funds of that customer even if the customer's bank account is at an overseas branch of the bank.

Entities which have registered in New York are now subject to New York jurisdiction. And previously 'untouchable' registered companies, in the context of Rule B, may now be more vulnerable than they were prior to their registration because the ruling does not affect only US dollars coming through New York, but rather has an effect on all denominations, worldwide.

(Holland & Knight)

The limits of liability under the US Oil Pollution Act (OPA90) were increased by the US Coast Guard with effect from July 31, 2009, to reflect "significant increases in the Consumer Price Index". Inflation

adjustments to the limits of liability are required by OPA90 to preserve the deterrent effect and the polluter- pays principle embodied in the liability provisions. Minor adjustments have also been made to clarify the applicability of the OPA90 single-hull tank vessel limits of liability.

Under OPA 90, each responsible party is strictly liable, jointly and severally, for removal costs and damages resulting from pollution incidents.

OPA 90 also limits liability for such incidents and mandates periodic increases of the limits of liability to reflect significant increases in the Consumer Price Index. The limits of liability for vessels were last increased in 2006.

(Blank Rome)

PHILIPPINES



The Philippines Overseas Employment Agency (POEA) has stipulated that the deployment of Filipino seafarers on board ships transiting the Gulf of Aden should only be allowed if shipowners, principals, managers and manning agencies:

- (1) ensure that ships transiting the Gulf of Aden will only pass within the designated Maritime Security Patrol Area;
- (2) submit an appropriate security plan to all ships with Filipino seafarers on board passing

through the Gulf of Aden or other piracy-affected areas;

- (3) provide training to crews on how to avoid, react to and cope with piracy and other related incidents;
- (4) immediately report to the Department of Foreign Affairs and the Department of Labour and Employment any incidence of piracy involving their ships, and share their experience of handling such incidents.

Any owner, principal, manager or agency violating these guidelines will be subject to sanctions in accordance with POEA rules and regulations.

(Pandiman Philippines Inc)

IMO



A new international convention on ship recycling has been adopted by IMO. The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships 2009 is aimed at ensuring that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risk to human health and safety or to the environment. Ships to be sent for recycling will be required to carry an inventory of hazardous materials. The convention will enter force 24 months after ratification by fifteen states, representing forty per cent of world merchant gross tonnage.

(www.imo.org)



THE LONDON
P & I CLUB

FIRST PERSON

Sport plays an important part in the life of Ben McKeith. Ben grew up - and still lives - at Leigh, a seaside town on the east coast of the UK. After passing his A Levels, he studied geography at Loughborough University, for whom he played rugby.

Following his graduation from Loughborough, Ben joined The London P&I Club management team in December, 2005, in the Underwriting Department. He thoroughly enjoys his job. He says, "Working for The London P&I Club suits me perfectly. The work involves plenty of interesting challenges, but at the same time there is a professional and not-too-intense atmosphere in the office, and a great sense of teamwork and flexibility. Another thing which is really important to me, and which is



of ultimate benefit to the Club's members, is the strong sense of continuity which exists within the Underwriting Department, where the main personnel have not

changed since I started. This ensures continuity of service for the membership"

Ben works mainly with the Club's increasing number of members in Vietnam. He explains, "The Club's close involvement with the Vietnam market started more or less at the time that I joined, so I have in a sense grown up with it. It is quite a complex area, since Vietnamese law requires that insurance cover on Vietnamese ships has to be placed primarily with underwriters in the national market. So it is a specialist area in which I have built up a certain amount of expertise."

Ben's other chief responsibility involves the operation of the Club's War Risks Class where, he says, his workload has increased appreciably over the last eighteen months as a result of the increase in piracy in the Gulf of Aden and elsewhere.

Asking Ben what he does in his spare time produces only one answer - sport. He plays fly-half for Southend Rugby Club, and is wicketkeeper/opening batsman for Westcliff Cricket Club. That requires a lot of training, a lot of travelling, and a lot of dedication. Ben says, "I realise I am very lucky that I enjoy both my work and my life outside the office, and that I am able to combine the two successfully."

STAFF NEWS

Cassie Hamman joined as an Actuarial Assistant on March 30, 2009.

Reine Gomis was appointed a Claims Handler on April 14.

Marianna Vitazkova joined as a Ship Inspection Co-ordinator on April 20.

Dina Wilson was appointed an Underwriting Accounts Administrator (part-time) on April 7.

Sadly, John Castle passed away on April 28. John was a Claims Handler in the London office from May 1978 until February 1988.

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