



The London P&I Club

CLUB News

NOVEMBER 2016 | ISSUE 79

Autumn update and renewal arrangements

The Club's Circular of 27 October contained news of the position in open policy years, as well our approach to the 2017/18 renewal ([click here to view](#)).

No general increase in annual calls was set. The Committee decided, however, that there should be further emphasis during the renewal process on adjustments to Member rates, terms and deductibles, where necessary in order to achieve an equitable level of premium income over the medium term, reflective of their record and/or exposure to risk. Our underwriters will be making further contact with Members and brokers in the near future about renewal arrangements.

The Circular also contained news of the Club's claims experience in H1 of the current policy year. This was in line with expectations and included promising signs in terms of claims levels in the attritional layer (up to US\$100,000) and in the band between US\$100,000-US\$1m, and which continued in Q3. At the same time, claims involving the IG pooling system have been more favourable than anticipated; and, on the investments side, the Club's portfolio has produced a positive return in the year to date.

Looking at other developments, the Club saw an increase in routine sales and scrapping along with the attendant effect of churn during Q1. This level of activity has since reduced. On the business development side, we have



The *Alpine Persefone* is entered in the London P&I Club by Oceangold Tankers Inc, Members since 1983.

been pleased to welcome 29 new mutual fleets to the Club so far this year, in addition to entries from existing Members. We have also welcomed new entries to our tailored facility for the owners of small to medium-sized ships which has gained encouraging traction in its first year of operation. Its flexible limits of cover have been increased recently up to US\$500m. The Club's cover for charterers has also continued to make solid progress.

This *Club News* includes a report from the head of our Piraeus office, Joanna Pavlidis, on a recent Privy Council judgment which highlights the importance of careful attention by Masters and senior officers to the terms

of documents setting out conditions of use for terminals and similar facilities if the risk of compromising P&I cover is to be avoided. We also profile a member of the Club's legal team, David Bridges, in the *First Person* section.

Finally, many readers will be aware that the Club is celebrating its 150th anniversary in 2016/2017. To mark this milestone, we have produced the publication *150 Years of the London P&I Club*, which can be accessed [here](#). Several celebratory events for Members and other friends continue to take place, most recently in Shanghai, Guangzhou and Hong Kong, and one such event held in Athens during October is featured on page 3.



KNOW YOUR LIMITS



CELEBRATIONS TO MARK MILESTONES



CLUB PEOPLE DAVID BRIDGES





Know your limits

By Joanna Pavlidis

Associate director and general manager

Some of the larger claims Members face are for damage caused to terminals and berths. In the oil and gas industries, the claims can be very significant – sometimes in the region of US\$30m and above. It is also in these industries where Conditions of Use (CoU) documents are most frequently encountered. These documents are usually widely-drafted to place all liability for damage onto the ship. The Club has received reports of CoUs being embedded within other benign documents and presented to senior officers. This is a major concern because of the potential consequences this signature can have on P&I cover.

The concept of Shipowners being entitled to limit their liability for damage caused by their ships is well established in most maritime jurisdictions. The usual limitation regime applicable to claims for terminal damages is the 1976 London Convention on Limitation of Liability for Maritime Claims (LLMC). The financial limits applicable under the LLMC increase with ship size and have been updated several times, most recently in 2012. For example, under the LLMC the limits for a 35,000gt ship can vary between about US\$9m (1976 LLMC) and US\$32m (1992 Protocol). In the US, limitation is often based on the ship's value before repair which can be lower.

Incidents in recent years have seen considerable erosion of the protection given to the Shipowner, whether through commercial pressure, technical



Dock damage in Korea after a ship collision

arguments or ambiguous insurance contracts. The recent Privy Council (PC) decision in the *Cape Bari*, in which a terminal in the Bahamas argued that the Master had contracted out of the LLMC regime, offers some help. In this case, the Master signed CoU which stated that the Shipowners would be liable for "any and all loss and damage" caused by the ship's use of the terminal's facilities. Although there was no specific reference to the LLMC in the Terms of Use, the first instance Court in the Bahamas held that the Master had contracted out of the regime. On appeal, the decision was reversed on the basis that the Owners were unable to contract out of the statutory regime. The terminal then appealed, as this point had not been argued before the Court, at the PC in London.

The PC overturned the Court of Appeal decision and held that it was possible for the Shipowners to contract out of the CLC regime, but that it required wording making it clear this was their intention. In this case, there was no explicit reference either to the LLMC or to the right to limit. The Owners,

therefore, had not intended to waive their LLMC rights and so were entitled to limit their liability. The authority of the Master to act on an Owner's behalf in this scenario was not in issue.

Whilst a welcome decision, the finding that Owners can contract out of an International Convention is troubling. Even though the right to limit was upheld in this situation, the possibility that CoUs can include an express waiver of limitation rights cannot be ruled out. In those circumstances, it is unlikely that P&I cover would be available beyond the limitation figure, leaving Owners with the risk of exposure to significant uninsured liabilities.

Members are, therefore, strongly advised to ensure that their senior officers are reminded regularly to be alert when asked to sign CoU for any facility. Should a CoU be presented, it is suggested the crew request that it must be sent to their head office for consideration. Any terms that increase the Member's exposure should be vigorously resisted and, in the event of difficulties, referred to the Club's Managers for consideration.



Joanna Pavlidis



General overview



John Su and George Dimos



Zefi Gritza, Ioanna Theotoka and Athina Sirimi



Michalis Kouimanis, Mr & Mrs Nick Efthymiadis, Maria Tsakos-Kouimanis and Stella Mantzaris



London P&I Club Committee Members, Nick Savvas and Peter Cowling



Vassilis Georgakopoulos, Nick Embiricos and Mike Fontaine



Antonis Sakellis and Nick Ghiouzelakis

Celebrations to mark milestones

This year, the Autumn meeting of the Club's Committee was held in Greece. To coincide with that event and as part of marking the Club's 150th anniversary, a reception was held at the Ecali Club in Athens for Members and other friends from the local shipping community. Photographs from this well attended and most enjoyable evening are shown on this page.

The reception also coincided with a special article on the Club published in the Greek shipping magazine, *Naftika Chronika*, which included interviews with the Chairman, John M. Lyras, Committee member, Vassilis Laliotis and Ian Gooch and Joanna Pavlidis of the management team.

2016 also marks the 35th anniversary of the establishment of the Club's office in Greece, making the Athens setting very appropriate. From a historical perspective, there are several notable landmarks and developments which underline the Club's long-term commitment to the Greek market which in turn is reflected by the trust and confidence placed in it by our many Members there.

For example, the Club's first Greek entries date back to 1929; while following the opening of our Piraeus office in 1985 by a single claims executive, our Greek team there has steadily grown to currently 10 people. In addition to our Piraeus office resources, we have our London-based Greek team, several of whom have enjoyed being based in Greece and working from the Piraeus office over the years.

CLUB People



Season's Greetings

Everyone at the Club would like to send our best wishes and season's greetings to all our friends. We are very pleased to be making a donation to the Great Ormond Street Hospital for Children in London, as usual, in place of sending cards.



FIRST Person

David Bridges

Claims Manager, London

David freely admits to having fallen into the shipping industry somewhat by accident almost eight years ago, but has not looked back since.

After graduating in Law from the University of Oxford in 2004, he stayed in his new-found favourite city to complete the Legal Practice Course, before joining a London-based international law firm in 2005.

David qualified as a solicitor two years later and was introduced to the world of shipping in 2009 on moving to a niche practice. He very much learnt on-the-job, possessing a keen interest in commercial litigation, and proved to be well-suited to the specialism.

He joined the London P&I Club in 2012, having gained a broad experience in dry shipping. David had advised primarily on charterparty and bill of lading disputes for a wide variety of owner and charterer clients. "This background has subsequently proved invaluable in my work at the Club," says David. "I focus on the FD&D side, with a particular interest in developing relationships with the Club's growing number of charterer Assureds."

He adds: "I've seen a significant increase in the volume of charterers business attracted to the Club since I joined, and I hope to play a part in ensuring that this trend will continue over the years to come." His work has also involved developing particularly strong

connections with owners and charterers based in Ukraine, UAE, India, Turkey, Italy and Monaco.

The varied challenges of his role are an enjoyable aspect of the job for David, including dealing with a full range of FD&D matters from smaller disputes to those where significant sums are at stake. He is also frequently asked to give advice on an urgent basis. David comments: "I find it very satisfying when I can help Members and Assureds secure the most positive outcome possible in the situations they face." Since 2014, he has been further improving his knowledge by studying for the International Group's P&I Qualification.

David has always had a passion for travel, so he finds the international aspect of working in the shipping sector especially exciting. He has travelled overseas on business, including to Monaco, Genoa and Dubai, and will soon be attending an industry conference in Naples.

David says: "At home and abroad, I especially value being able to meet regularly with existing and potential Members, brokers, correspondents, lawyers, service providers and others in the industry. It also helps to ensure that the entirety of the working week is not always spent behind a desk!"

Outside work, David continues his love of travelling and has been on many international adventure holidays (e.g. to Machu Picchu in Peru where he took the image shown). He also enjoys walks in the countryside, trips to the cinema and theatre, and swimming.

MANAGEMENT News

We are pleased to have recently welcomed Andreas Vrontakis as a claims handler in the Greek office, Leah Downing as underwriting assistant and Denise Osborn as company secretary.

In New York, Simon Leslie and Ian Carter presented talks on sanctions and LOIs for clean bills of lading to Eagle Shipping International (USA) LLC in October. The Club's Greek office hosted a presentation on cyber risks by Electra Panayotopoulos of Holman Fenwick Willan in September.

The Club continues its programme of lunchtime seminars on topical issues at its London offices. These are given by in-house and external specialists, and have recently covered legal privilege by Marie Kelly of Norton Rose; demurrage by Rani Noakes of 4 Pump Court Chambers; and IG reinsurance renewal by Jake Fisher of Miller Insurance; while Steve Roberts, Ian Carter and Konrad Heene discussed the issues surrounding the Benita grounding off Mauritius.

There is no charge for attendance, and the lunchtime talks usually last about 45 minutes. Members and brokers who would like to be notified of forthcoming seminars can email jeanette.antonides@londonpandi.com or konrad.heene@londonpandi.com

Congratulations go to Theo Alfantakis and wife Eugenia on the birth of Georgios in September; and to Mira Milouseva who had a baby boy named Nikolaos in August.

Our best wishes to Ben McKeith and Tiffany who were married in August; and to Ioanna Exadaktylou and Mark Beare whose wedding was in July.

Stephen Dodd recently celebrated 40 years' service with the Club; and our thanks and best wishes to Val Thomas who has retired after 41 years with us.



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