



The London P&I Club

CLUB News

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Club position update

The renewal for the 2017/18 P&I year has been completed, and work is now underway on preparation of the Annual Report and finalisation of the Club's accounts for the last financial year.

The Club saw a busy and, at times, tough renewal period. There were terminations of two entries following instances of corporate consolidation and strategic management changes at the fleets concerned. But at the same time, the Club enjoyed a high level of support from existing Members, with additional ships being entered from owners based in Germany, Greece, Hong Kong, Singapore, the UK and elsewhere. There were also entries from nine new Members, including owners from China and Turkey. Further, the Club saw growth in its fixed premium portfolio, especially on the charterers' side.

Ian Gooch, chief executive of the Club's management team, says: "Organic growth and the addition of a range of new Members are consistent with one of the Club's key strategies aimed at the careful expansion of our Member base. The further business insured with the Club over the last 12 months has come from a mix of markets, some where we've had a long-established



The CNOOC 114 is entered in the London P&I Club by SAM International Andromeda Shipping, Members since 1994.

presence and others where we've been working hard to increase our profile.

"These developments along with those around the renewal, mean the Club's combined entered tonnage stands at about 54m gt. There will be more information on our Membership and underwriting in the 2017 Annual Report. The indications are that we will be reporting a positive result, with drivers including a reasonable year on the claims side, especially regarding the International Group Pool. We also

saw a relatively high level of churn associated with the routine disposal of ships by Members during H1, while another factor in the operating result will be the positive performance of the Club's investment portfolio."

Detailed information will be in the Annual Report due to be published later this year as usual. Looking ahead, the Club moves into the 2017/18 policy year in good shape; and we take this opportunity to thank our Members and business partners for their support.

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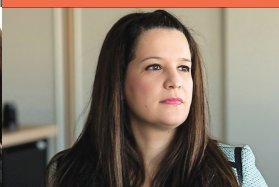
CLUB SPEAKERS LEAD
OVERSPILL DEBATE



CELEBRATING THE
CLUB'S 150TH YEAR



CLUB PEOPLE
MIRA MILOUSEVA





Club speakers lead Overspill debate

The Piraeus Marine Club P&I Seminar is an annual January event which is in its 16th year and continues to draw a capacity audience from the local market. The format is usually a debate about topical subjects with P&I Club representatives speaking either in favour or against the motion. At the end of the short presentations, the audience discusses the topic before voting on the issue.

This year, the subjects included the growing environmental restrictions for the shipping industry and the risk and consequences of a cyber-attack. The manager of the Club's office in Greece, Joanna Pavlidis, and claims director, Steve Roberts, were invited to talk on the shipowning sector's growing potential exposure to funding claims which exceed reinsurance coverage by way of a special levy on mutual members, the Overspill call.

The Club is a member of the International Group of P&I Clubs (IG). By working together, the IG P&I Clubs can obtain high levels of coverage at a competitive cost. The IG's reinsurance programme is reportedly the largest in the world. The IG collectively pools large P&I claims between US\$10m and US\$100m, beyond which reinsurance is purchased, presently up to US\$3bn. Whilst some claims, such as pollution or passenger claims, are subject to policy limits, for most categories of claims, there is no policy limit. The largest claim the IG has incurred to date, the wreck removal of the Costa Concordia in 2011, produced P&I claims of very close to US\$1.5bn. It would therefore take a maritime catastrophe with liabilities of more than double the largest claim yet experienced for the IG's reinsurance programme to be exhausted. That is a rather remote risk... but if it were to happen, what would be the result?

The very largest of P&I claims tend to be random, and so a ruinous claim could occur to anyone, irrespective of the size or age of their ships or trades in which



Steve Roberts speaking at the seminar

they operate. Without the Overspill cover, the unfortunate mutual member who faced responsibility for a claim more than US\$3bn would be concerned for their very future. As such, any claims which exceed the limit available under that reinsurance notionally fall back to the Clubs to pool up to each Club's collectable 'overspill limit'. That is defined as 2.5% of the combined value of each entered ship's limit as defined in the 1976 Convention on Limitation of Liability for Maritime Claims (LLMC). An individual mutual member's exposure to overspill will therefore be the total of the 2.5% of the LLMC limitation figure as calculated for each ship in the fleet.

The LLMC limits are calculated by reference to gross tonnage. The world fleet has doubled over the last 17 years. Consequently, the total Overspill call capable of being collectively debited to Shipowners has increased from about US\$2bn to almost US\$5bn. While the Overspill limit remains unchanged at 2.5% of the LLMC limitation figure, an individual member's exposure over time reflects the development of their fleet. If this has mirrored world growth, as for

many it must, their exposure to Overspill has increased proportionately.

After jointly explaining the background and operation of Overspill, Joanna and Steve separately explained the arguments in favour of a reduction in the limit and for maintaining it. The audience clearly wished the Overspill relief available to the unfortunate member to be maximised, but without placing the rest of the industry under undue financial stress. It was also recognised that a maximum Overspill call exposed the shipping industry to an unbudgeted liability equivalent to almost two years' P&I premium.

When the audience was invited to vote on whether to reduce or to retain the current 2.5% LLMC limit, the outcome was even.

This discussion reinforced the value of Overspill to all mutual members and the need to consider both the benefits and liabilities before trying to form a view about where the balance should be struck. For now, the message was the balance has not yet been entirely lost despite the substantial increase in the quantum of Overspill when aggregated up.



General overview, Hong Kong event



Raymond Chan, Chris Chan, Nicola Hui, Minyi Wu, Raymond Yeung and Gladys Law – Hong Kong event



Lesley Tian with Reto Toggwiler – Shanghai event



Simon Doughty, John Wood, Kinny Wood and Charles Kocherla – Hong Kong event



Nick Lin, Frank He, Minyi Wu, Ian Barr, Tony Luo, Ms. Wu, Han, Ms. Zhang, Yun and Mr. Wang, Zhentao from PICC Guangdong Branch – Guangzhou event



The audience at the Shanghai seminar

Celebrating the Club's 150th year

As reported in the last issue of *Club News*, we held a very successful event in Athens last October to celebrate the Club's 150th anniversary, joined by many local Members, brokers and other friends.

Since then, we have continued to mark that milestone by hosting a series of seminars and receptions at several locations in South-East Asia.

At the time of writing, the Club is holding a special joint lunchtime event including P&I presentations for Shipowner associations in Manila and in Cebu, and which will be featured in the next *Club News*.

Meanwhile, the photos around this article provide a flavour of the various functions held by the Club last November in Shanghai, Guangzhou and Hong Kong.

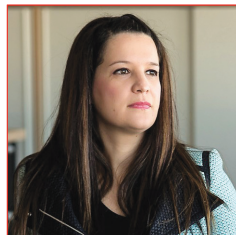
The Shanghai event was held in the splendid and historic setting of the Shanghai Meteorological Museum. After a welcome from chief executive, Ian Gooch, there were talks on a range of P&I and more Club-specific topics provided by Reto Toggwiler, Ian Barr, Frank He and Minyi Wu.

These included case studies and comparisons of several maritime casualties, as well as a session on the Club's position, progress and strategy. This seminar section of the afternoon's agenda was followed by an early evening reception.

The Club's team of speakers then moved on to Guangzhou where we hosted an event with a similar programme two days later at the Grand Hyatt Hotel.

A very busy and successful week of Club events was rounded off by a well-attended evening event held at the Hong Kong Maritime Museum.

CLUB People



FIRST Person

Mira Milouseva

Claims Manager, Greece

Mira studied law in the UK and subsequently qualified as an English solicitor and Greek lawyer. Prior to joining the Club in March 2014, Mira practised shipping law for six years with an English firm where she focused mainly on charterparty and bill of lading disputes.

Having grown up in a family of shipping and trading professionals, it seemed only natural that Mira would pursue a career in this sector. She first studied law as she believed that a legal qualification would provide a good foundation on which to build her career, starting in the post-fixture department of a ship operator.

Mira handles a variety of P&I and FD&D claims on behalf of the Club's Greek Members. She is trilingual in English, Greek and Bulgarian, as well as speaking some Russian.

Mira considers working at the Club to be both challenging and rewarding at the same time. With her commercial and legal background, she aims to provide thorough and valuable support to Members. The "recipe" for successful claims handling, Mira believes to include: knowledge, close communication with Members, proactivity, attention to detail, 'thinking outside the box', ability to perform well under pressure, patience, good negotiation skills, perseverance and a passion for the work.

Comparing her previous experience at a shipping law firm to working at the Club, Mira realises the important role that the Club's claims team perform for their Members and the industry as a whole. She explains: "In a law firm, you are usually called upon to assist when a matter has already escalated, whilst at

the Club the focus is much more on mitigating against the risk of problems occurring or preventing escalation."

She views the Club's claims team as the "frontline firefighters" as they are the first port of call when things go wrong and can very often assist Members without the need for external lawyers. "Of course, there are occasions when the latter cannot be avoided, but much work is handled and filtered internally, providing Members with a high quality service," she says.

When asked what she likes most about the Club, she comments "The Club has a strong team of qualified and high-calibre professionals. We all work collaboratively, exchanging ideas and knowledge. There is a strong sense of belonging and a family-like environment, and I feel privileged to be a part of this 'family'."

In her free time, which in the past couple of months has been quite limited since the arrival of her baby boy, Nicholas, Mira loves travelling and discovering new cultures and traditions. She also practises yoga and snow skis. Mira is also an elected board member of the Young Shipping Professionals society in Greece which assists young shipping professionals integrate into the shipping world, interact and enhance their shipping knowledge.

MANAGEMENT News

Recently, we have welcomed Kitson Fung as an underwriter in our Hong Kong office, Prakash Tilhoo who joins as a business intelligence and database administrator in London, and new claims manager Alex Tsakonas, also in London. We're also pleased to have appointed Hugh Brennan as head of IT services.

In late February and early March the Club hosted successful lunchtime P&I presentations for Shipowner associations in the Philippines. One event was held in Cebu in conjunction with the Visayan Association of Ferry Boat & Coastwise Shipowners. The other event in Manila revolved around a joint meeting of the Filipino Shipowners Association and the Philippine Inter-Island Shipping Association.

The Club's Greek office hosted a presentation in January on Bills of Lading by Fay Lampropoulou of the Club and Timon Karamanos of Hill Dickinson, and a presentation in November by Dennis Kelly and Simon Burnay of Cwaves on Fixed Object Damage and Subsea power cables.

Frank He led a workshop in January on unsafe port to the Club's CSL Members, Dalian Chun An Shipping in Dalian, and Garry Stevens gave a presentation in Iran to the Port and Maritime Authority in December.

In the same month, Konrad Heene gave a workshop to Navios/Kleimar in Antwerp on the NYPE lien clause; while in Singapore, Simon Leslie gave a talk on the application of the ICA to Omega Shipping Pte Ltd, in November.

Congratulations to Iain Paul and Shruti Kapoor whose baby girl, Sia, was born in February.



The London P&I Club



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