

CURRENTS



Issue Number 40 - January 2018



2018 - Entering a New Year and the Next Century of Service

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3	Introduction
6	Delivery of containerised cargo against pin codes New Principles for Modern Technology
10	The Impact of Technology on Shipping New Technologies bring on New Challenges
14	A Brief Perspective on Workforce Market in Romania and Application of MLC, 2006
20	Centennial Dinner in New York
22	Centennial Cocktail Receptions in Asia
24	Centennial Celebration in London
26	Centennial Dinner in Athens
28	American Club News and Events
30	In the Press
32	In the Spotlight
36	Steaming Ahead



Above: The Lone Sailor, U.S.A.

The Lone Sailor® statue took command of his place on the United States Navy Memorial in Washington D.C. on October 13, 1987, during the dedication ceremony of the Memorial on 7th and Pennsylvania Ave. The celebration was held during the 212th birthday of the United States Navy. The statue peers over this memorial, which consists of a plaza bearing a granite world map flanked by waterfalls and fountains. The heritage center contains exhibits on naval history. The first Lone Sailor statue was created by sculptor Stanley Bleifeld and was funded through a national appeal to service members, veterans and friends of the Sea Services.

Source: National Archives, Washington, D.C., 2010

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- General Claims & Industry Information
- Loss Prevention
- Correspondents' Corner



INTRODUCTION



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2017 was a special year for the American Club, marking its one-hundredth year of service to the global maritime community. During the year the Club hosted a number of events in celebration of its centennial.

A gala dinner took place in New York, the Club's birthplace and continuing home, on June 22, in conjunction with the one-hundredth annual meeting of its Members. The evening brimmed with entertainments - including a rendition of Frank Sinatra's *That's Life* by the president of the management company! An abridged version of my address to those who attended the dinner is contained below.

It reflects upon, and seeks to record, some of the initiatives, events, vicissitudes and commitments which have played their part in the story of the American Club, particularly over recent years. Those Members and other friends of the Club who were not at the dinner may find it interesting.

Tonight is a special night and deserves some serious reflection as we look back over one hundred years of the American Club. Twenty-five years ago there were some who were skeptical that the Club would make it to a hundred. But it did, and the fact that it did can be attributed, among other things, to two

overarching motivators - pride and perseverance.

Pride in the legacy of the American Club can be understood by reading Dick Blodgett's lively centennial history, published some months ago. The story of the American Club is a rich one, creating a legacy upon which it has been proud to build its success in more recent years. This legacy gave it confidence to embark upon its Vision 2000 strategy in the mid-1990s, the fulfillment of which - and its many iterations along the way- has brought us here this evening.

Perseverance, tenacity, grit, application, doggedness, however you might wish to describe that impulse of the human spirit, was the other indispensable driver shared by everyone whose combined efforts have brought the American Club to where it is today. And let us reflect on the statistics of the past twenty years. Over that time the Club has undergone a sea change: a more than fivefold increase in entered tonnage; fourfold premium growth; eightfold growth in total funds, a tenfold increase in free reserves, and much greater diversity by reference to the source of the American Club's following, and the industry sectors from which it gains its membership.

Twenty-five years ago, less than five percent of the American Club's business came from overseas. Nowadays, although about a third

of the Club's entries are still generated from North America, about a half are now derived from Europe, the Middle East and Africa, and about one fifth from the Asia Pacific region. Members from all three core constituencies of the Club are here tonight. We salute all of you, and the great diversity you bring to the Club's affairs, representing not only different regions of the world, but also many different types of vessels and trades. And, in addition to honoring those who support us here in the Club's homeland, we also cherish the loyal and enthusiastic support we have received from the Greek community over the years, as well as from owners in Greater China and Southeast Asia. To all of these great constituencies of shipping, we offer our sincere thanks.

To develop its business globally, the Club enlarged its international service capabilities. In addition to its New York headquarters, and its more recent opening in Houston, it has overseas offices in London, Piræus, Hong Kong and Shanghai. The Club has also expanded its range of insurance products. Originally offering only P&I, the Club now provides Freight, Demurrage and Defense (FD&D) cover, charterers' insurance and a broad catalog of related protections. It has also pioneered entirely new areas of business. Its Eagle Ocean Marine facility has been thoroughly successful in the fixed premium P&I sector and American Hellenic, an underwriter of hull and war risks, enjoys a growing reputation for excellence throughout the international markets.

So, and although I may be accused of immodesty, from a relatively small and unpromising start, the American Club has built a breadth, depth and reach of capabilities commanding genuine respect throughout our industry. Despite the twists and turns of fate,

we have remained eternally optimistic, mindful of Churchill's observation: a pessimist is one who sees difficulty in every opportunity, an optimist is one who sees opportunity in every difficulty.

But no one, nor any particular group of people, did this alone. All who have been involved with the Club over the years have played their parts in turning aspiration into accomplishment as the story of the Club unfolded.

First, of course, come the Members themselves, whose support is a precondition to the very existence of the Club. And there are some Members who have been with us since even before the great changes of the last twenty years.

Secondly, we have our Board of Directors who have enabled the development of the Club over recent years and added their own enthusiasm to its efforts. So many deserve grateful recognition by the Club. Past and present, they have distinguished themselves by their diligent and supportive attention to the Club's affairs.

In this connection, too, the efforts of those who were earlier charged with the management of the American Club deserve equal appreciation. In often difficult circumstances over the years, their own commitment ensured that the Club's mission remained a torch kept lit, to borrow William F. Buckley Jr.'s phrase.

And what of the present management team? I would suggest that the motto of the United States - "E pluribus unum" - could with as much propriety be attached to SCB as it is to the nation itself!

It has been a singular pleasure over the past nearly twenty-two years to lead such a

talented, diligent, agreeable and colorful group of people from around the world. In this I have been ably supported by Vince Solarino to whom I extend my special appreciation for the many years over which we have collaborated closely together.

Our management team of today contains a new generation of professionals following brilliantly - and insistently! - behind us. Theirs is a brave new world, relentlessly immediate and interconnected and more demanding, requiring new skills for the future, but still rooted in the values of service, character, integrity and hard work. It is beyond dispute that the American Club is richly endowed for the future in its next generation of P&I stars!

To paraphrase the English metaphysical poet John Donne: no club is an island, entire of itself, every club is a piece of the continent, a part of the main. Recognizing this, a relationship which the American Club especially cherishes is that which it enjoys with its coventurers in the International Group of P&I Clubs, a uniquely glittering galaxy of talent and solidarity within the firmament of all things marine. It is a cause for reflection, on the longevity of Group clubs, and the extraordinary durability of the Group system, to note that, as a mere centenarian, the American Club is the second youngest of the mutuals making up the Group. The oldest are one hundred and sixty-two this year, I believe.

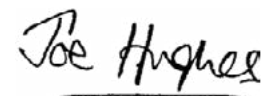
We are pleased to welcome here this evening many of our coventurers - and friends! - from other Group clubs. We thank them most warmly for joining us in our celebrations.

We also salute the Club's other counterparts, collaborators, partners and

allies present here this evening. Friends from Lloyd's of London, and other insurers, the Club's supporters from the all-powerful broking community, its financial advisors and legal counsel, its correspondents, its consultants and surveyors, representatives from the press, and everyone who does their part in advancing its cause in so many different ways. We like to think, to paraphrase John Milton in this case, that thousands at our bidding speed and post o'er land and ocean without rest! But we also know that they also serve who only stand and wait.

And let us not forget, in closing this roll-call of honor, the often unrecognized and unsung part of the seafarer, whose quiet striving from one limitless horizon to another, often in adversity, and sometimes in danger, ultimately makes all our livelihoods possible.

So, as we come to the end of the American Club's centennial year, your management team thanks all whom we are privileged to serve for your enduring support of the Club as it welcomes its second century, building on the traditions and successes of its first.



DELIVERY OF CONTAINERISED CARGO AGAINST PIN CODES - NEW PRINCIPLES FOR MODERN TECHNOLOGY?

by: **Ingolf Kaiser**

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Earlier this year, the English Court of Appeal upheld a decision of the High Court in *Glencore International AG v MSC Mediterranean Shipping Co SA (The MSC Eugenia)*. The case concerns misdelivery of cargo released by PIN code at the Belgian port of Antwerp, and both courts held the carrier liable.

The facts

The cargo was discharged into the custody of a terminal, which operated a PIN code system for cargo release. The carrier sent an arrival notice to the receiver's agents saying that containers would be released against a PIN code. After presentation of the original bills of lading and payment of freight and charges, the carrier issued an electronic document headed 'Release Note', which gave a PIN code for release from the terminal. The PIN code system at the port of Antwerp did not provide for paper delivery orders, although it was not compulsory for carriers to use it.

Unfortunately, the goods were collected (using the PIN code) by someone who was not entitled to them. MSC argued that by the time the cargo was removed from the port, it had already been delivered for the purposes of the bill of lading, and MSC had fulfilled its obligations. The key question was therefore

exactly when delivery of the cargo occurred.

MSC's bill of lading provided that cargo would be delivered in exchange for (i) an original of the bill of lading or (ii) a delivery order. Since the cargo was not physically released at the time when the original bill of lading was surrendered and the PIN code / Release Note were issued, the issues were:

(a) whether provision of the PIN code in exchange for the original bill of lading amounted to delivery of the cargo. This argument was based on the carrier having done all that it could to pass control over the goods to the receiver at that time, even though the goods did not physically change hands.

(b) Whether the "Release Note" amounted to a "delivery order" for the purpose of the delivery clause in the bill of lading. This was a question of construing the term "delivery order", as used in the bill of lading.

The first issue: were the goods delivered by providing PIN codes?

Although the PIN code gave the receiver access to the goods, this was not enough to amount to delivery of the cargo. The bill of lading did not say that providing the PIN

code would amount to delivery, and providing the PIN code did not result in the terminal holding the goods on behalf of the receiver. The terminal continued to hold the goods on behalf of the carrier, albeit that the receiver was authorised to collect them. In fact the carrier had an express right in the agreement with the terminal to change the PIN code at any time. Even though changing the PIN code might involve a breach of the carrier's obligations to the receiver, it demonstrated that the carrier retained at least some control over the cargo.

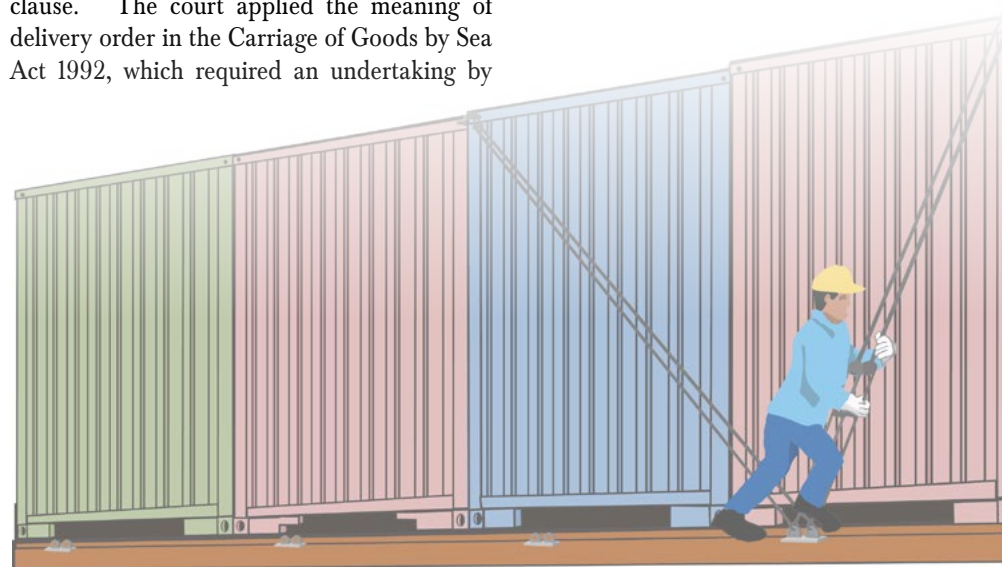
The second issue: was the "Release Note" a "Delivery Order" within the meaning of the clause in the bill of lading?

The "Release Note" was not a "Delivery Order" within the meaning of the bill of lading clause. The court applied the meaning of delivery order in the *Carriage of Goods by Sea Act 1992*, which required an undertaking by

the carrier to deliver the goods to the person(s) identified in it. But the "Release Note" did not do this, since it neither contained an undertaking by the carrier to deliver the goods nor did it identify the person(s) entitled to delivery. It was no more than an instruction to the terminal to deliver against the PIN code.

Implications of the decision and possible solutions

At first sight, the case is concerned with the modern technology of cargo release by PIN codes and the wording of the "Release Note". However, it raises familiar issues as to when and how containerised cargo is delivered under a bill of lading, and the extent to which a carrier is liable during the period after contractual delivery



and before the goods are in fact collected.

With more traditional systems for cargo release, it is common for carriers to issue a paper document called a 'Delivery Order' which often is no more than an authorisation to the receiver to collect the cargo from the terminal. Unless the carrier has given up control over the cargo, and the terminal has accepted that it now holds the cargo for the receiver (known as an 'attornment' to the receiver), then under English law delivery has generally not occurred. The carrier then remains liable to the receiver in the usual way for misdelivery.

The outcome in *The MSC Eugenia* was that the carrier had not yet delivered the cargo, and on that basis was liable for misdelivery. There are certainly steps that a carrier could take to improve its position in the light of this decision, and the most effective of these is probably wording in the bill of lading to provide that issuing a PIN Code in exchange for the original bill will amount to contractually agreed delivery. However, this would still leave a potential liability in tort / bailment during the period after issuing the PIN code until the cargo is collected. Under English law this would arise because the terminal continues to hold the cargo on behalf of the carrier. Any such liability could perhaps be excluded by appropriate wording in the bill of lading, but in practice the nature of such liability and the extent to which it can be excluded would to a large extent be a question of local law.

An alternative could be to adapt the wording of the Release Note so that it amounts to a delivery order under English law, but this

would (even if appropriate wording could be found) simply replace one liability under the bill of lading with another under the delivery order.

Even if the carrier can exclude its liability to the receiver, there would still be potential consequences between the carrier and the terminal, because the terminal may itself be liable to the receiver. Some terminal agreements seek to impose wide-ranging indemnities on the carrier for liability that the terminal may incur to cargo interests.

The more likely approach from the carrier's point of view is therefore a combination of reviewing how and when delivery occurs under its bill of lading, then trying to exclude liability during the period after this, and seeking to limit as far as possible the scope of any indemnities in favour of the terminal in the terminal agreement. Although in *The MSC Eugenia* it was a PIN code system that highlighted the challenges for the carrier, these issues arise equally under more traditional cargo release procedures.



THE IMPACT OF TECHNOLOGY ON SHIPPING

New technologies bring on new challenges



by: John Wilson

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The number of incidents arising from total or constructive losses have reduced dramatically in number over the 100 year time period since the American Club was founded. Just over the last 10 years, the number of total losses have declined from 171 incidents to 85 incidents.¹ However, despite the modern technology available to the industry, such large losses still occur and many are directly attributed to an over reliance or misunderstanding of the operation or limitations of the modern equipment and technology in use onboard.

This brief article considers the impact of technology on shipping and the rise of cyber risk and crime, and offers an introduction as to how technology can be best utilized both afloat and ashore, and in turn reduce the number of incidents and losses.

At the time of the loss of the Titanic in 1912, there were 30,000 ships in operation, and of those there was one ship loss per 100 ships per year. In 2010, the world fleet had grown to 100,000 ships, with one ship loss

per 670 ships per year in 2009.² The invention of radar and subsequent use of automatic radar plotting aids (ARPA), development of navigation positioning systems, such as Decca, Loran and satellite navigation, advances in weather forecasting and weather routing and greater accuracy of navigation charts, supported by vessel traffic services, have all helped to reduce the number of shipping losses.

An early example of how a modern electronic navigation aid caused a casualty, was the grounding of the passenger ship Royal Majesty in 1995.³ Here the global positioning system (GPS) receiver antenna cable connection separated, and the positioning method switched to 'dead reckoning'. Faults with how the equipment was set up meant that the officers on the bridge failed to hear the audible alarm. Poor monitoring of the equipment, meant they were not aware that the GPS was no longer receiving accurate satellite inputs. No cross checking was carried out using the other navigation aids onboard and the ship grounded on the Rose and Crown

Shoal near Nantucket, Massachusetts, USA.

The lesson here, which is still relevant today, is that all antennæ for communication and navigation equipment should be checked to ensure they are properly attached to a strong point and protected against water ingress. Position fixing equipment should be cross checked with other sources. Alarm settings need to be fully understood and properly adjusted. Although not a factor in the Royal Majesty incident, frequent activation of alarms can be a distraction and can sometimes be due to incorrect settings, and can result in an 'alarm situation' being cancelled and not properly investigated.

The role of human error in collisions and groundings

In 2008, the Maritime Safety Committee of the International Maritime Organization (IMO) introduced its 'Strategy for development and implementation of e-navigation'⁴ that noted:

'Research shows that 60% of collisions & groundings are caused by direct human error. Watchkeeping officers make critical decisions for navigation & collision avoidance in isolation, due to general reduction in manning'. The document further noted that the industry faced a challenge to design and manufacture navigation systems that take into account the 'needs, skills, and abilities of all users in mind' while 'recognizing the role of the practice of good seamanship, the provision of suitable training, and the use of procedures'.

The use of technology in shipping evolves quickly. At times, that rapid evolution has been brought about by a regulatory requirement, such as the introduction of electronic navigation charts and Electronic Chart Display and Information Systems (ECDIS). The pace of adoption in what is traditionally a conservative industry, has brought with it some concern. Besides the necessity to comply with a regulatory requirement, technology can bring increased efficiencies and a reduction in costs, resulting in ship owners having to embrace technology if they are to stay competitive. At the same time, seafarers are now faced with the need to become more technologically savvy. Traditional seamanship, navigation skills and engineering knowledge, now needs to be enhanced by an understanding of computers and automation such as remote monitoring and control systems that include such functions as navigation, communication, propulsion, steering, and cargo handling.

Becoming computer literate and comfortable with the use of technology may come easily to today's younger seafarers and shore based personnel, but for older personnel - some of whom hold senior positions of responsibility and authority for decision making on board ship - such knowledge may be harder to grasp. Steps should be taken to ensure that adequate training is provided, from the top down. Equipment operation manuals and controls should be clearly labelled in the common language that is understood by the

1 Safety and Shipping Review 2017, Allianz Global Corporate & Specialty SE.

2 Safety & Shipping: 1912 to 2012. Allianz and Cardiff University. Report can be accessed online at: http://www.agcs.allianz.com/assets/PDFs/Reports/AGCS_safety_and_shipping_report.pdf

3 U.S. National Transportation Safety Board Marine Accident Report MAR-91-01.

4 IMO MSC 85/26 Add.1 Annex 20. Strategy for development and implementation of e-navigation.

crew onboard. If not provided by the manufacturers, shorter instructions and procedures for the most common tasks could be extracted and translated from the manuals, to be kept readily available near the relevant equipment.

The use of technology increases the exposure to risk

One of the significant challenges is designing technology that is fit for purpose. Ship owners and operators continually face challenges in learning and adapting to new regulations. This is further compounded by the myriad of different technologies available to them to comply with those new regulations. For example, there are many different designs of ECDIS produced by numerous manufacturers that then requires type specific familiarization training for the model onboard.

Whilst the technology behind new equipment may be complicated, operating methods and instructions need to be kept as simple as possible so that it can be easily and correctly used. Equipment needs to be designed so that it is difficult for a human operator to use it incorrectly. A recent example is where a watch keeper on duty on the bridge attempted to charge his mobile phone by connecting it to the USB slot on the ECDIS unit. This resulted in the electronic charts becoming corrupted by the malware that was then unknowingly transferred from the phone to the computer in the ECDIS.

A survey⁵ in 2015 suggested that

such problems of computerized systems onboard ships becoming compromised were not being properly addressed as a critical risk. 43% of crew members surveyed reported having sailed on a vessel which had become infected by computer viruses or malware. Yet, 88% of respondents said they never received any advice or training about cyber security.

Cyber risk is not just an IT problem

Cyber-crime is increasing in the maritime industry. It is no longer a case of 'if' your company may be targeted, but 'when' your company will be targeted. The recent malware attack that targeted A.P. Møller-Mærsk and caused widespread disruption to their services worldwide, was a stark reminder of the potential damage a breakdown in IT can cause. Contingency plans need to be prepared and implemented to reduce the potential damage and costs of business interruption. Cyber risk is not just an IT problem and cannot only be solved by an IT solution. Shipowners and operators should have the same level of preparedness against cyber risk as they do for safety, shipboard security and protection of the environment.

In summary, joint industry publication, 'The Guidelines on Cyber Security Onboard Ships' can be easily found and downloaded from the BIMCO as well as other industry sponsors websites. In the current absence of any other such comprehensive guidance or regulatory standards, ship oper-

ators should derive benefit from reviewing the Guidelines and being guided accordingly taking into account company procedures, policies and training requirements. A simple starting point is to consider the use of company computers onboard ship and in offices ashore to ensure that all computers are updated regularly with the latest antivirus software and patch updates. Personnel, particularly those ashore with access to sensitive commercial or financial information, or the ability to make financial transactions, should be provided

with training so that they can recognize the social engineering tactics used by hackers and modern day cyber criminals and subjected to standard cyber risk prevention procedures.

As the maritime industry becomes more dependent on automation and technology, shipowners need to embrace the challenge and invest time and the necessary resources to combat the potential vulnerabilities that new technologies bring.



⁵ Crew Connectivity 2015: Survey Report. Futureautics Research. Report can be found at: <http://www.futureautics.com/crewconn15#>

A BRIEF PERSPECTIVE ON WORKFORCE MARKET IN ROMANIA AND APPLICATION OF MLC, 2006

THE CORRESPONDENTS' CORNER

by: Luciana Mancas CEO & Vlad Mancas Attorney-at-Law

Interservices S.A.

Romania

A geographical advantage and changing times

Romania has been until the 90s one of the European countries with the largest merchant fleets, with shipping at the forefront of local industries, the country being bordered by the Black Sea, in South East and the Danube River, at the South Border.

Constanta, the Black Sea Port, ranks among the first 10 European ports and intersects trade routes linking the markets of landlocked countries spanning from Central and Eastern Europe to Central Asia and Far East. Of the Romanian river ports Galatz and Braila are the largest.

In 1989 society's upheaval motivated by various factors brought the fall of the devastating communism in Romania and put in motion the makings of an evolving democratic society.

Romanian leet of past years nd modern maritime culture

Before 1989 the Romanian merchant fleet had almost 300 sea going ships and

additionally about 100 ocean fishing ships as well as a large river crafts fleet carrying goods along the Danube.

Over the years, the sea going fleet and the Romanian ocean fishing ships were disposed of on account of various interests, nothing having been placed instead. River crafts fleet was also restructured in various ways. Such a large fleet needed manpower and it existed both at sea, at river and on shore.

Good and hard working professionals were formed and some are now acting for foreign fleets whilst others are acting as consultants and managing their own business.

The maritime education and culture is still going strong care of two maritime universities in Constanta, but lacking a national fleet, seafarers found employment on foreign flagged vessels.

Romania has thus become a supplier of manpower for foreign merchant fleets and also cruise lines. It is estimated that the country offers on a yearly basis about 30,000 seafarers and a similar number of auxiliary staff for the cruise industry, which boomed the

crew manning agents offices by number and size.

Sailing the world's seas and oceans under MLC, 2006

On 24 November 2015, the Government of Romania deposited with the International Labour Organisation (ILO) the instrument of ratification of the Maritime Labour Convention, 2006 (MLC, 2006) . Romania is the 70th ILO Member State to have ratified this landmark Convention, which entered into force for Romania on 24 November 2016, that is, one year after its ratification.

As it is quite well known by interested parties, as of 18 January 2017, when the amendments to the MLC, 2006 entered into force, all ships which are subject to MLC have been required to carry and display on board two Certificates confirming that a financial security is in place for:

(a) shipowners' liabilities for repatriation of crew, essential needs such as food, accommodation and medical care and up to four months' outstanding contractual wages and entitlements in the event of abandonment (Regulation 2.5, Standard A2.5.2 Paragraph 9), and

(b) contractual payments for death or long-term disability due to an occupational injury, illness or hazard set out in the employment agreement or collective agreement (Regulation

4.2, Standard A4.2 paragraph 1(b)).

Romanian law provisions and relevance thereof given the ratification of MLC, 2006

Ratification of MLC, 2006 soon raised up the a very interesting question for shipowners engaging and employing Romanian seafarers and equally for manning agents of whether the existing Romanian legislation on financial security for outstanding wages and repatriation costs is redundant given that under the Romanian Constitution the international conventions prevail over the national laws.

The questions specifically raised by shipowners and manning agents were if they are being confronted with a matter of "redundancy" or "double insurance" albeit notwithstanding that both parties take on different burdens in relation to the seafarer.

To put the matter into context, the authorization of the crew manning agents offices business in Romania is under the provisions of art. 7 and art. 9 of the Government Decision nr. 83/2003, conditional upon putting up a security of minimum USD. 100,000.00 aiming to cover the repatriation costs and outstanding wages for two months either by way of a bank guarantee or by holding an appropriate insurance cover with an insurance company incorporated in Romania, provided that the funds thus secured are released on a mere demand from the Romanian Naval Authority, which is also

the authorizing government body of manning agencies.

The license granted under the above terms is valid 5 years subject to annual renewal on the condition that a security of an appropriate quantum is maintained in place throughout.

Art. 9 of the aforesaid statute further provides that the manning agents are bound to extend the financial security measures in such a way that the adequate protection is afforded to each and every seafarer who is selected and placed after the authorization of the company and also that the financial security, in the aforesaid forms, should be extended to cover each and every seafarer as from the date the seafarer is placed / travels to join the vessel and until repatriation.

The Art. 9 was construed in various ways but not always in the whole ambit of Government Decision Nr. 83/2003 which further provides under Art. 3 and Art. 4 that the manning agents may either act as employers themselves and take on the associated burdens, which was the practice several years but it is not any longer, or may act simply as workforce intermediaries, thus not taking on any burdens relating to employment. In our opinion acting as a work force intermediary does not lessen the necessity, extent or nature of the financial security that the Romanian manning agencies must set up and maintain regardless of the provisions of MLC, 2006.

Both MLC, 2006 and Government Decision No. 83/2003 provisions on financial security are mandatorily applicable, albeit each to different parties carrying out different businesses and bearing different specific liabilities and limitations thereof.

It is indeed true that the potential beneficiary i.e. the seafarer is the same in both cases where a cover is taken with a Club in the case of the shipowners, or with a Romanian insurer in the case of manning agents carrying out business in Romania. It is equally true that the risks covered are intertwined and it would potentially appear redundant, if not a matter, as some have regarded it, of a “double insurance” but MLC, 2006 restrains a liberal construction of various legal texts by the following sections:

**Standard A 1.4 - Recruitment and placement*

2. Where a Member has private seafarer recruitment and placement services operating in its territory whose primary purpose is the recruitment and placement of seafarers or which recruit and place a significant number of seafarers, they shall be operated only in conformity with a standardized system of licensing or certification or other form of regulation. This system shall be established, modified or changed only after consultation with the shipowners' and seafarers' organizations concerned. In the event of doubt as to whether this Convention applies to a private recruitment and placement service, the question shall be determined by the competent authority in each Member after consultation with the shipowners'

and seafarers' organizations concerned. Undue proliferation of private seafarer recruitment and placement services shall not be encouraged.

5. A Member adopting a system referred to in paragraph 2 of this Standard shall, in its laws and regulations or other measures, at a minimum:

(vi) establish a system of protection, by way of insurance or an equivalent appropriate measure, to compensate seafarers for monetary loss that they may incur as a result of the failure of a recruitment and placement service or the relevant shipowner under the seafarers' employment agreement to meet its obligations to them.

6. The competent authority shall closely supervise and control all seafarer recruitment and placement services operating in the territory of the Member concerned. Any licences or certificates or similar authorizations for the operation of private services in the territory are granted or renewed only after verification that the seafarer recruitment and placement service concerned meets the requirements of national laws and regulations.

10. Nothing in this Standard shall be understood as diminishing the obligations and responsibilities of shipowners or of a Member with respect to ships that fly its flag.

The above should be read in conjunction with Standard A 2.5.1 - Repatriation, A 2.5.2 - Financial security, A 4.2.1 - Shipowners' liability and A 4.2.2 - Treatment of contractual claims, referring

specifically to shipowners' duties.

Double insurance

The question of a “double insurance” has been raised recently with the Romanian Naval Authority, whose view is that a cover as per MLC, 2006 taken by the shipowner does not meet the provisions and suit the requirements of Government Decision No. 83/2003 which sets forth specific duties for the crew manning agents operating in Romania.

On 11 August 2017 the Romanian Naval Authority also sent out a circular letter to all Romanian crew manning agencies whereby they are being directed with the aim of meeting the provisions of art. 9 and subsidiary legal texts to provide on a monthly basis copies of certificates of insurance certified by the insurer evidencing that all seafarers selected and placed on board vessels are “effectively and nominally” insured against abandonment and unpaid wages.

The circular letter obviously refers to measures taken by crew manning agents to extend the financial security over the initial security that they must set up of USD. 100,000.00.

Conclusions

The manning agents are bound to set up financial security in a certain minimum amount either by way of a bank deposit or by taking an insurance policy to cover repatriation

expenses and outstanding wages for two months. The aforesaid is a condition precedent for crew manning agents to obtain, maintain and renew their operating license. Banking institutions or insurers must operate on the local market and within reach of Romanian authorities. Romanian Naval Authority gains unhindered access to the financial security obtaining payments of the amounts due to seafarers on its mere demand.

The manning agents are also bound to extend the financial security measures for each and every seafarer beyond the minimum required amount of security set up during the licensing process with regard to the actual number of seafarers selected / recruited and placed on board the vessels.

Shipowners cover under MLC, 2006 is

not recognized by Romanian Naval Authority as being suitable to meet the requirements of Government Decision No. 83/2003 which refers and applies to the manning agents and their duties only. Shipowners are a third party with similar duties as regards wages, repatriation, etc. but not the subject of Romanian law as long as they are not carrying out directly a manning agency business in the Romanian jurisdiction. Manning agents are however requested to place seafarers on board vessels operated by shipowners having an appropriate P & I cover on the international market.

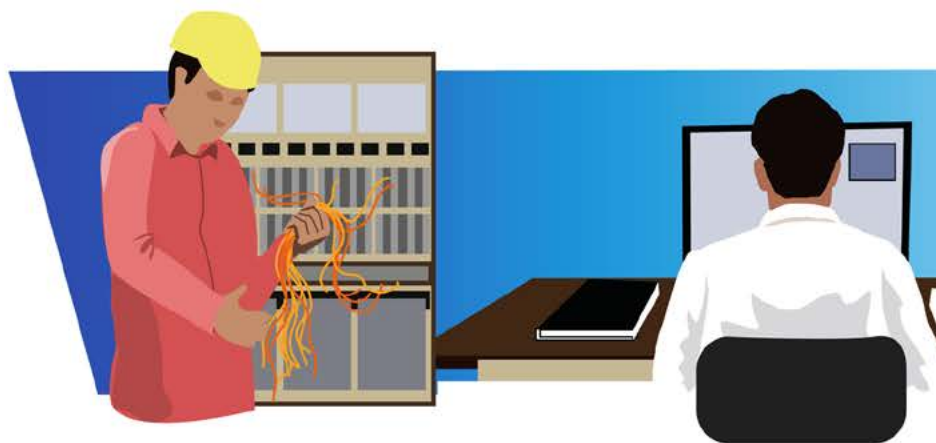
The “double insurance” or “redundancy” purpose is to protect the weaker party / the employee as it is regarded by EU legislation and national law. MLC, 2006 provisions would appear to us to promote

setting up of guarantees by all the parties involved in manning the vessels on the expectation that one of them would cover risks should the other fail.

Under art. 10 of Government Decision No. 83/2003 the manning agents take on the liability to pay out of pocket should the financial security / enforcement thereof fail by their own fault. The local association of the manning agencies is actively involved in meetings aiming to challenge or clarify the provisions of Government Decision Nr. 83/2003 with the Romanian Ministry of Transport and Romanian Ministry of Labour and Social Justice on the argument of either “double insurance” or “redundancy” but the outcome thereof is still uncertain as the Standard A.1.4 and correlative provisions of MLC, 2006 have a large bearing on the

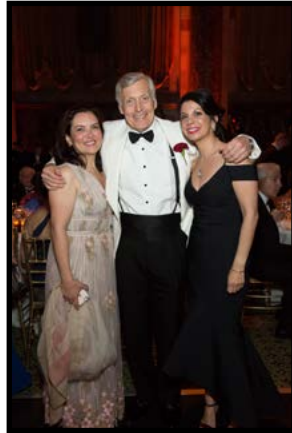
arguments that a Member State is bound to take the appropriate protection measures of seafarers in case that one or the other party involved in recruiting and employment fails to meet the obligations.

This is certainly a topic of relevance to be kept under future observation and warranting updates when possible, along with briefings on courts’ judgements involving shipowners and manning agents.



Centennial Dinner in New York

June 22, 2017 at Cipriani 42nd Street



Centennial Cocktail Receptions in Asia

Hong Kong

October 17, 2017 at SCB Management Consulting Services Ltd.



Taipei

October 23, 2017 at the Grand Hyatt Hotel



Shanghai

October 18, 2017 at the Fairmont Peace Hotel



Centennial Celebration in London

December 5, 2017 at Merchant Taylors' Hall



Centennial Dinner in Athens

December 8, 2017 at the Grande Bretagne Hotel



The American Club News and Events

MEETING CORRESPONDENTS AND MEMBERS

International Group Correspondents Conference Open House in London

September 28, 2017



Loss Prevention Workshops in Athens

October 2-9, 2017



THE CLUB ADDS TWO MORE AWARDS TO ITS COLLECTION

Seatrade Investment in People Award 2017 in London

June 30, 2017



Lloyd's List Global Next Generation Shipping Award in London

September 27, 2017



“IN THE SPOTLIGHT”



**Lloyd's List Americas Awards
May 2017 - New York City, NY, U.S.A**

The American Club was proud to be a part of the 2017 Lloyd's List Americas Awards, and to have sponsored the Lloyd's List Intelligence Digital Innovation Award.



**Hong Kong Young Professionals in Shipping Network
May 2017 - Hong Kong**

John Wilson gave a presentation to YPSN on technological innovations in the maritime industry.



**INTERTANKO 2017 Annual Tanker Event
May 2017 - Houston, TX, U.S.A**

The American Club supported the INTERTANKO 2017 Annual Tanker Event that was attended by nearly 300 owners and associates over 4 days.



**WISTA MED Conference
June 2017 - Madrid, Spain**

The American Club supported the 2017 WISTA MED Conference.



**Posidonia Sea Tourism International Conference & Exhibition, Yes to Sea Tourism
May 2017 - Athens, Greece**

Dorothea Ioannou and Ilias Tsakiris featured on Yes To Sea Tourism Forum's "Marine Insurance and Classification Societies" panel as part of the 2017 Posidonia Sea Tourism International Conference and Exhibition.

“IN THE SPOTLIGHT”



**Isalos.net Shipping Conference
May 2017 - Thessaloniki, Greece**

Joanna Koukoulis was one of numerous professionals invited to address students of the Merchant Marine Academy on the topic of maritime professions.



**Nautical Institute Hong Kong branch's AGM
June 2017 - Hong Kong**

SCB Management Consulting Services, Ltd. hosted the Nautical Institute Hong Kong branch's AGM.



**Maritime Law and Marine Insurance Seminar
June 2017 - St.Petersburg, Russia**

Chris Lowe was a speaker at the Maritime Law and Marine Insurance Seminar attended by more than 60 companies-leaders of shipping industry.



**TradeWinds Shipowners Forum
June 2017 - Athens, Greece**

The American Club supported the 2017 TradeWinds Shipowners Forum.



**9th Shipping Congress
June 2017 - Athens, Greece**

The American Club supported the 9th Shipping Congress on "Shipping - Oil & Gas, The Geopolitics, Transporting and Investment Perspective" organized by The Institute of Maritime & Economics Studies and shipping newspaper Maritime Economies.



**AMA Car Racing Challenge 2017
September 2017 - Hong Kong**

John Wilson represented the American Club at the annual AMA Car Racing Challenge.

“IN THE SPOTLIGHT”



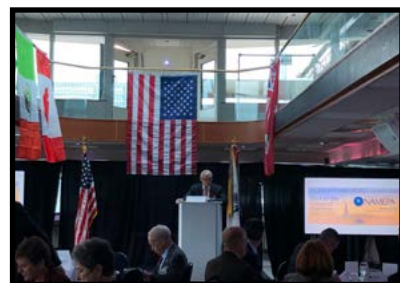
Houston Marine Insurance Seminar
September 2017 - Houston, TX, U.S.A
 Joe Hughes was a featured speaker at the Houston Marine Insurance Seminar, where he spoke about “To Merge or Not to Merge: The Internal Dynamics of International Group P&I Insurers”.



2017 International Group Conference for P&I Correspondents
September 2017 - London, U.K
 Gustavo Gomez who attended the IGCC dinner hosted by the IMO is pictured with IMO's Secretary General Mr. Kitack Lim.



Sailors' Society Ambassador's Trek
October 2017 - Hong Kong
 Chris Hall and John Wilson completed the full 19-mile charity hill trek with their team the HIPsters (Hiking Insurance Professionals).



NAMEPA 10th Anniversary and Annual Conference
October 2017 - New York City, NY, U.S.A
 Joe Hughes, Chairman of NAMEPA, opened the conference and welcomed participants to this anniversary session themed “Back to the Future of Maritime”.



Lloyd's List Forum, London International Shipping Week
September 2017 - London, U.K
 Joe Hughes was a keynote speaker at the forum analysing marine risks from various perspectives.



SAFETY4SEA Conference
October 2017 - Athens, Greece
 Dr. Willam Moore was a speaker at the 2017 SAFETY4SEA Conference on the topic of Loss Prevention Challenges of Seafarer Competency Assessment and Competency Assurance.



2017 Capital Link New York Maritime Forum
October 2017 - New York City, NY, U.S.A
 Joe Hughes participated as a panelist and Boriana Farrar moderated a discussion about “Marine Insurance - Current Hot Topics: BREXIT, Pricing, Cyber Risks”.



Maritime Cyprus 2017 Conference
October 2017 - Limassol, Cyprus
 Vince Solarino and Dorothea Ioannou with the AHHC team at the exhibition stand.



Shipping Insight 2017
October 2017 - Stamford, CT, U.S.A
 Boriana Farrar was a keynote speaker on ‘P&I Perspective and Regulatory Requirements’.



Joint HKSOA and DNV GL Cyber Security Seminar
October 2017 - Hong Kong
 John Wilson attended the seminar and workshops organized by the Hong Kong Shipowner's Association and DNV GL.



USS Ronald Reagan
October 2017 - Hong Kong
 Chris Hall attended a tour onboard the USS Ronald Reagan with WISTA Hong Kong.



WISTA International AGM & Conference
October 2017 - Rotterdam, Netherlands
 The American Club supported and participated in the WISTA International AGM & Conference.

“IN THE SPOTLIGHT”

STEAMING AHEAD



by: Vincent Solarino
President & COO
Shipowners Claims Bureau, Inc.
New York, NY, USA

What a year the American Club and its SCB, Inc. Managers had in 2017! We celebrated the Club's Centennial year in grand style, with its first centennial dinner celebration held at Cipriani 42nd St. in New York City. Club Chairman, Arnold Witte gave a heartfelt welcoming speech followed by the cool, suave, cultured and erudite C.E.O. Joe Hughes sporting a white 'James Bond-like' tuxedo jacket mesmerized the nearly 500 guests with a speech befitting such a splendid occasion – and finished with his patented 'joke'.

The introductory presentations given, it was my turn to make a presentation to the audience. First, it was necessary to thank all of the Club Board Directors, followed by announcing individually and welcoming on center stage all of the Club's Management team, both from the New York office as well as those from the satellite offices. I wanted to showcase the talent behind the success of the Club and this was a once in a lifetime opportunity to do so. What came

next was a surprise to just about everyone.

I wanted to write a speech that embodied a meaningful message balancing facts, success, resilience promise and emotion. However, while I was drafting the speech I was listening to music playing in the background when I heard the words I wanted to write being sung by none other than the Great Frank Sinatra – "That's Life". The lyrics in that song said everything I wanted to say about the Club, its Directors and the Management team. So, my speech was already written and all I had to do was deliver it. But it had to be done in a grand style befitting such an historic event. So, to everyone's surprise I sang the tune ala Sinatra style. I had Frankie Valli's back-up singers, the Modern Gentlemen, as my back-up singers and the place 'rocked'!

We then followed with Centennial celebrations in Hong Kong, Shanghai, London and finally Athens. The London celebration was held on December 5th at

the Merchants Taylors Hall – a splendid venue with over 240 guests, followed a few days later by a celebration in the Athens Grande Bretagne Hotel attended by almost 300 shipowner members, producing brokers, journalists, and other guests. We finished our "That's Life" centennial tour in style and to the applause of all in attendance with compliments that it was the best party attended in the industry. The Piræus office team, led by Dorothea Ioannou and assisted by Annie Papadimitriou, organized a first class event.

So, here we are at the start of a New Year 2018 and the beginning of a new centennial journey. We leave behind a decade long maritime recession with the Bulk Dry Index seeming to test new lows on a weekly basis leaving shipowners with less than the daily operating costs. The industry also experienced falling ship values, consolidating fleets, and increased regulations. The BDI though has recently shown signs of a sustainable recovery, new ship orders are on the rise, revenues are covering operational costs and the world economy looks poised to produce meaningful growth.

The American Club and its Managers are well prepared for the challenges ahead. We finished 2017 with strong preliminary underwriting results,

solid investment returns and a wave of goodwill and support from our membership. We will surely experience good years and disappointing years, advances and setbacks, but we will always 'pick ourselves up and get back in the race' as we have done for the past 100 years. Why? 'Cause 'That's Life, baby and we don't quit!' We're the American Club!

Happy Holidays and Good Health to all in the New Year 2018,

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