

# CIRCULAR

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TO MEMBERS OF THE ASSOCIATION

Dear Member:

## VESSELS TRADING TO JAPAN: NEW INSURANCE AND REPORTING REQUIREMENTS

In March 2005, new regulations are being introduced in Japan affecting all non-tank vessels of 100 gross tons or more. Although the details of these regulations have not yet been published, they will introduce the concept of compulsory insurance. They will require that relevant vessels have adequate cover against damage caused by bunker spills, as well as for the cost of removing a vessel in the event that it becomes a wreck.

The new regulations are intended to come into force in parallel with those which apply under the CLC regime which, of course, will continue to apply to tankers.

Liability for bunker spills will be strict. Both owners and charterers will be jointly and severally liable for any damage caused. Cover must be provided by insurers acceptable to the Japanese authorities which it is understood will include member clubs of the International Group. The amount of cover required to satisfy the regulations will be based on limits calculated under the International Convention on Limitation of Liability for Maritime Claims, 1976 (the London Convention) and, in this context, the amount of cover provided by Group clubs for both bunker spills and wreck removal risks will be considered to be sufficient.

In order to comply with the regulations, Members will need to ensure that an original or a certified copy of a vessel's Certificate of Entry is on board when visiting Japan. Moreover, the Master or the vessel's local agent will be obliged to report the status of the vessel's insurance before entering port or before sailing into certain designated areas. So far, these have been stipulated as Tokyo Bay, Isewan Bay and the Inland Sea.

***This reporting requirement also applies to tankers.*** The report should be submitted to the relevant District Transport Bureau which is responsible for the port where the vessel is expected to call.

The details of which District Transport Bureau should be contacted, and a pro-forma copy of the report form which is recommended to be used, are due to appear on the website address of the Ministry of Land, Infrastructure and Transport which can be found at:

<http://www.mlit.go.jp/english/maritime.html>

Under the regulations, inspectors are entitled to board a vessel to examine relevant documents including, of course, the Certificate of Entry. Failure to produce the Certificate on demand, as well as failure to report the vessel's insurance status when required to do so, may result in a fine and the detention of the vessel.



As is always the case, the Managers will be pleased to respond to any questions Members may have on this subject, or generally.

Yours faithfully,

A handwritten signature in black ink, which appears to read "Joseph E.M. Hughes". The signature is written in a cursive style and is positioned above a horizontal line.

Joseph E.M. Hughes, Chairman & CEO  
Shipowners Claims Bureau, Inc., Managers for  
**THE AMERICAN CLUB**