

CURRENTS



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Celebrating 100 Years of Excellence

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Above:
The Bronze Eagle, USA

Facing the Statue of Liberty across New York harbor, the East Coast Memorial is located at the southern end of Battery Park honoring the 4,601 missing American servicemen who lost their lives in the Atlantic Ocean while engaged in combat during World War II. The monument consists of a large, paved plaza punctuated by eight massive gray granite pylons onto which are inscribed the names, rank, organization and state of each of the deceased. On the eastern side of the plaza a **monumental bronze eagle**, sculpted by Albino Manca and set on a pedestal of polished black granite, grips a laurel wreath over a wave signifying the act of mourning at the watery grave.

Color Code

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

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INTRODUCTION



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What do Queen Elizabeth II and the American Club have in common? The answer, at least for this year, is two birthdays – an actual and an official. In the queen's case, the two birthdays are April 21 (the actual date of her birth in 1926) and -usually- the second Saturday in June famous for, among other things, the Trooping of the Color ceremony in London.

In the American Club's case, its actual 100th birthday took place February 14, just days before the 2017 renewal. Its official centennial birthday celebrations will begin with a dinner in New York on June 22, following the annual meeting of the Members, and will continue with events in other major centers of activity over succeeding months. The Club's actual 100th birthday passed quietly, but did not go unmarked. The Managers' offices collectively acknowledged the day through a brief celebration involving video and telephone links with their regional offices.

The 2017 renewal, which was concluded a few days after the Club's one hundredth, was characterized by the same trends which have been present for at least the past three years: a continually difficult shipping climate, vessel churn, comparatively low claims levels and a concomitant lack of premium pricing power.

The Club made a modest tonnage gain over the renewal itself, but recorded a more impressive 16% growth over the twelve months from February 20, 2016. Premium was about 4% down over the period, some of which was due to a reduction in reinsurance

costs which had been passed on to Members. Overall -and in light of similar trends experienced by other clubs- the renewal brought with it satisfactory results, although challenges will no doubt continue to exist for the marine insurance industry at large should maritime economics continue in the doldrums.

However, there are signs that freight rates may be moving towards sustainable improvement in certain sectors over forthcoming months. And it should also be noted that the Club's Eagle Ocean Marine business continues to generate excellent profits for the overall mutuality, while its investment in American Hellenic Hull is experiencing a very promising business trajectory at this very early stage of development. Both performances inform an encouraging view of the Club's prospects as it moves through its centennial year and into its next century of service to the global maritime community.

My colleagues and I will be having the pleasure of meeting most, if not all, of the Club's Members and other friends as we celebrate its centennial over the months ahead both here in New York and elsewhere across the world. In doing so, we will be telling you more about the progress of this lively centenarian, as well as its plans for the future!

Joe Hughes

MANAGING STOWAWAYS: GLOBAL TRADE BRINGS LOCAL PROBLEMS



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For as long as there has been international shipping there have been stowaways. In recent years, however, more and more people are leaving their home countries and an increasing number of them have resorted to stowing aboard ship. As trade becomes even more global, the frequency of stowaways can only be expected to increase. While stowaways may be fleeing economic or political hardship, they often cause significant legal and financial headaches for vessel owners. They can also create serious human problems for crews charged with caring for the stowaways.

The 1957 Brussels Convention defines a stowaway as, "...a person who, at any port or place in the vicinity thereof, secretes himself in a ship without the consent of the shipowner or the Master, or any other person in charge of the ship and who is on board after the ship has left that port or place." According to an alternative, wider, definition (ICS / IMO), a stowaway is "...a person who is secreted on a ship, or in cargo which is subsequently loaded on the ship, without the consent of the shipowner or the Master or any other responsible person and who is detected on board after the ship has departed from a port, or during its stay in port, or in the cargo while unloading it in the port of arrival, and is reported as a stowaway by the Master to the appropriate authorities."

The ways in which stowaways secret themselves on a ship are limitless – from simply walking up the gangway or scaling mooring lines and hiding, to hiding inside a container or in a ship's rudder compartment, to impersonating a member of a stevedore gang or bribing crewmembers. Once onboard, they can hide in any nook or cranny of the ship or its cargo, many of which are extremely unsafe. Regardless of how a stowaway comes to be aboard, however, once he or she is there, the ship

becomes the "carrier" and the stowaway must be treated humanely. A stowaway should not be arrested or detained (although the master has the right to maintain discipline on board), and should not be forced to work.

Specifically, if a stowaway is discovered, the crew should:

- Check their state of health;
- Arrange food, clothing, medical care and lodging;
- Thoroughly search the stowaway's belongings and confiscate items that might pose a threat to the crew (pen-knives, razors and other potential weapons);
- Question stowaway concerning his or her identity, how they boarded the ship and the reasons they are on board (if possible);
- Explain emergency procedures and issue them with a lifejacket and lifeboat place; and
- Inform the ship's owner or agent.

The master should also prepare a signed statement containing all information relating to the stowaway to be given to the authorities where the stowaway is delivered. For the duration of the voyage, stowaways should be kept in a cabin, store room or other location where the doors and windows can be secured. This is especially important when the vessel nears port where the chances of a stowaway jumping ship increases (heavy fines are often imposed by government authorities against a ship owner who permits a stowaway to escape). To reduce the risk of stowaways receiving help to escape from crew members that they have befriended, contact with the crew should be kept to a minimum.

Dealing with a stowaway while he or she is aboard a vessel is relatively straightforward. Unfortunately, difficulty often arises when it comes time to disembark a stowaway ashore and this difficulty can lead to significant expense. The shipowner (or in some cases the charterer) has a duty to repatriate the stowaway to his or her home country. Often times, however, a shipowner cannot find a jurisdiction willing to take a stowaway into custody and assist with repatriation. It is a vicious cycle. In order to disembark a stowaway and arrange for repatriation, you need papers that identify stowaways' nationality and stowaways often lie or have false papers (or even no papers at all) so their identities are not easily confirmed. Yet without papers to confirm a stowaway's identity, you would need to disembark the stowaway, which cannot be done without papers. In other words, without papers you cannot disembark a stowaway, but you cannot disembark a stowaway without papers. Moreover, ships are normally in port for short periods of time so the result is that stowaways can remain onboard for weeks or even months until their disembarkation can be arranged.

To complicate matters further, there are numerous jurisdictions across the globe where the disembarkation of a stowaway is extremely difficult, if not impossible, even with papers, because of local law or policy or simply local practice. While some jurisdictions may be "friendlier" to a shipowner in assisting in repatriation of a stowaway, a vessel performing its contractual duty does not have the luxury to shop for the most user-friendly forum to disembark a stowaway. Accordingly, when a stowaway is found onboard a ship, the vessel owner must maintain the stowaway onboard until the ship arrives at a more stowaway-friendly port.

Once a ship reaches a port where disembarkation is allowed, authorities will often attach stringent conditions to disembarkation, such as immediate repatriation or a cash bond or guarantee posted by the vessel owners to cover potential costs. Of course there are local

immigration authorities or airline officials who may insist that the stowaway be escorted until he exits the country of disembarkation. In making flight arrangements, the question of whether a visa for the stowaway will be required at lay-over airports must also be considered.

Clearly, because of the complications that can arise, dealing with a stowaway can be a costly undertaking. Thankfully, most P&I insurance policies will defray much of the cost. Generally speaking P&I insurance will cover an owner or a charterer's legal liability for expenses incurred in caring for, disembarking and repatriating a stowaway. This can include expenses related to food, water and clothing; medical care; deviation (if approved by the P&I club in advance); additional agents' handling fees; government fines and penalties; shoreside detention; obtaining documentation; embassy expenses and repatriation, including any required escorts.

Obviously, the best way to manage the increasing stowaway problem across the globe is preventing them from boarding in the first place. While in port, the accommodation doors should be locked or guarded. A crewmember should always be on duty on the gangway, tallying all persons boarding and disembarking. Stevedore companies should notify the ship how many stevedores will be on board / access only via gangway / use of visual ID of gang members. Watchmen should be vigilant / use of flood lights at night. Only people on ship's business should be allowed on board, such as stevedores and officials. Before departure, the vessel should be searched thoroughly.

With increasing globalization and the current global political and economic turmoil, the number of stowaway incidents is likely to increase. Therefore, ship owners have to employ higher levels of preventative measures to decrease incidents, defray costs and keep the world's ships moving.

BILLS OF LADING: THE IMPORTANCE OF ACCURACY!

Points of guidance when facing discrepancies at loading



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The accuracy of the cargo figures in the bill(s) of lading is of great importance because, in many jurisdictions, it is treated as a direct contractual representation by the vessel owners to the cargo shippers and the receivers as to the amount of cargo loaded onto the vessel. As a result, claims for alleged shortages of cargoes attributed to complications at the loading ports may create significant difficulties for any owner. When inaccurate figures are knowingly inserted in the bill(s) of lading by the Master, owners are exposed to claims by receivers with limited defenses (if any), their P&I cover is put at risk and, in the majority of cases, they are deprived of the right to seek indemnity from their charterers.

As most of our Members know, many bills of lading are presented to the Master for signature based on the shore scale or the shippers' figures. Various practical and legal issues arise when they do not match the figures of the Master and/or the Club surveyor and the difference between the two is beyond an "acceptable margin". Although there is no industry standard for what is considered as an "acceptable margin", a figure of no more than 0.3% up to 0.5% is commonly accepted depending on the type of cargo and the jurisdiction involved. In such a case, the shippers will typically insist that "their" figure be inserted into the bills of lading irrespective of the extent of the discrepancy noted. If the Master accepts the shore scale / the shippers' figure and this is beyond any "acceptable margin," the vessel owners may face cargo shortage claims from the receivers and the vessel could be arrested at the discharge port.

What are some possible courses of action when facing this problematic situation?

(1) The first step would be to re-check the ship's measurements, check all shore records and calculations with the P&I Club surveyor, check the Vessel Experience Factor (VEF), the proper application of temperatures and the density of cargo (when necessary or applicable), if the shore scales were calibrated, trim corrections, etc. and call for recalculations so as to see whether the differences can be resolved.

(2) A commercial compromise is for the Master to accept the shore scale / the shipper's figures being under pressure from the charterer and/or the shipper and as a consequence to issue a letter of protest. In such a case, while under English law the insertion of qualifying words on the bill(s) of lading such as "weight unknown" may still offer owners some arguments against cargo claims, this will usually offer little assistance to them at the discharge port. Several jurisdictions do not recognize pre-printed standard form qualifications, usually interpreting them as forming part of the standard wording of the bill(s) of lading in question not added specifically in connection with that particular shipment. This was in effect confirmed in *"The Boukadoura"* [1989] 1 Lloyd's 393 where the judge, when talking about such a provision said "...it cannot be assumed...that these or other general phrases will necessarily protect the shipowner in other jurisdictions". Additionally, subject to the exact facts and circumstances, Club cover may be prejudiced as the insertion of the shore figures may be considered as a misrepresentation under the Club's rules, since the Master knowingly inserts a figure which does not represent the accurate or true quantity, especially when draft surveys have been carried out by him and/or the P&I Club surveyor showing a lower quantity of cargo loaded.

(3) Another commercial alternative often seen is for vessel owners to accept the shore scale or the shipper's figures in consideration of provision of a letter of indemnity (LOI) by the charterers (ideally signed by any sub-charterers, the shippers and the receivers). This is a practice which is not supported or approved by the Club as owners consent to insert figures being different to their own. Owners should therefore bear in mind that if a claim arises as a direct result of this transaction the only recourse they will have is to pursue the charterers. However, in case the charterers do not honor their LOI obligations, the LOI may be unenforceable due to the underlying, known inaccuracy regarding the quantity of cargo which therefore may not assist the vessel owners when seeking indemnity thereafter.

(4) Where all steps are taken to check the calculations at the loading port and no resolution can be found, this sets the basis for possible errors on either side and leaves room for either side to be correct thus creating a situation of a "genuine dispute" over the quantity loaded. In such a case, the vessel owners may seek to obtain a LOI from the charterers (ideally counter-signed by any sub-charterers, the shippers and the receivers) to cover any losses which the owners may suffer by issuing bill(s) of lading under compromise resolution with the shipper's/shore figures. While this is also a commercial decision of the owners who will then need to turn to the charterers (and any other party involved) in order to seek recovery of any possible shortage claim, the likelihood of enforceability of the LOI is higher given the absence of knowingly inserting clearly inaccurate figures.

(5) The bill(s) of lading may be claused so as to show both the vessel's and the shore figures. This is a rare option which the charterers and/or the shippers may simply not accept because it interferes with their letter of credit arrangements when there are two sets of figures on the bill(s) of lading. Still, the Master should press for the bill(s) of lading to be claused with his figure as well, e.g., "X metric tons as per the ship's figures."

(6) The best way to ensure the accuracy of the bill(s) of lading figure is for the Master to insist on inserting only



the ship's figures into the bill(s) of lading. However this approach may lead to a dispute at the loadport with the shippers commonly applying to court for an order that their figures be inserted into the bill(s). In such situations, there may be a tendency of the local courts to be more sympathetic towards the interests of the local shippers. As a consequence, the vessel's departure may be delayed and the question then arises as to who is responsible for that delay: where the Master's (lower) figure turns out to be accurate, then English law would allow an owner to bring a claim for detention against the charterers for the delay which occurred after loading. Under a time charterparty owners may argue that the vessel is not off-hire because the delay is due to the shippers / charterers' act in attempting to insist on inserting (incorrect) higher figures into the bills of lading. If, however, the Master turns out to be wrong, the vessel owners' detention claim would not succeed, the vessel may well be off-hire, and the vessel owners may face claims for delay and/or prejudice to the underlying sales contract. It is therefore important for the Master to take accurate measurements and, ideally, to cross check same with an independent surveyor to be appointed by the owners as opposed to any other party in order to ensure the objectivity of his figures.

Assuming that the shipper's or shore figures are inserted in the bill of lading and a shortage claim arises at the discharging port arising out of that specific discrepancy, what legal rights may the vessel owner have against the charterer or the shipper?

Under the bills of lading, where the Hague or Hague-Visby rules apply then Article III, rule 5 states that *"the shipper shall be deemed to have guaranteed to the carrier the accuracy at the time of the shipment of the...number, quantity and weight, as furnished by him and the shipper shall indemnify the carrier against all loss, damages and expenses resulting from inaccuracies in such particulars"*. As such, if the shipper incorrectly overstates the amount of cargo loaded, then the owners may have a claim against the shipper. However, English law will look at the reasonableness of the Master's reliance on the shipper's figures placed in the bill(s) of lading. The more evidence there is that the Master knew that the shippers' figures in fact overstated the amount of cargo loaded, the less likely it will be that the owners can successfully rely on Article III rule 5.

If the Hague or Hague-Visby rules are incorporated into the charterparty, then the vessel owners may similarly be able to pursue the charterers for losses arising from overstating the cargo in the bill(s) of lading. Furthermore, where a time charterparty incorporates the Inter-Club Agreement, a straightforward way for dealing with shortage claims is provided to the counterparties. However, it may be suggested that, although the Inter-Club Agreement generally overrides other charterparty clauses in relation to cargo claims, it may not defeat a claim for damages or indemnity under bill(s) of lading not issued in accordance with the charterparty provisions, e.g., when the bill(s) of lading are not in strict conformity with the mate's receipt(s) as provided for in the charterparty or when the Hague or Hague-Visby rules are not incorporated in the charterparty. In the case of a voyage charterparty and so long as no straightforward clause deals with shortage claims, the vessel owner may seek indemnity from the charterer provided that the Master did not have reasonable means of discovering the inaccuracy. However, the vessel owner is deprived of the

right to claim indemnity or damages if the Master acted negligently in signing the bill(s) of lading without checking the accuracy of the statements or if he knowingly and without objection accepted inaccurate figures.

Given the types of dilemmas that vessel owners may be facing at the loadport, it is highly recommended to insert express provisions in their charterparties allowing only for the vessel's or the owners representatives' figures to be inserted in the bill(s) of lading and to press for their charterparties to be clearly incorporated in the bill(s) of lading so that they may have full control over the terms under which cargo operations are to take place. The relevant charterparty and bill of lading terms should also be brought to the attention of the Master before cargo operations commence so that he may also be aware of the parameters involved and protect the vessel's interests in case of disagreement between the various parties participating in loading and/or discharge. Owners should also arrange for draft / ullage / tally surveys and hatch sealing / unsealing at all loading and all discharging ports (whenever feasible) in order to have as much control of the quantities on board as possible and to protect themselves against potential cargo claims. Additionally, the Master should be instructed not to sign any mate's receipts or letters of authority/bill(s) of lading until the accuracy of the quantity is confirmed by him and/or the vessel owners' appointed surveyor. Finally, the vessel owners should give clear instructions to the Master to contact the company's head office immediately after any discrepancy is noted by also contacting the Club who will be in a position to assist and provide the necessary guidance as to the way forward.

As a conclusion, it is apparent that the accuracy of all statements on the bill(s) of lading, including the cargo quantity, is of utmost importance. Bearing in mind that there is no clear-cut solution to be applied in every single case where complications arise with the cargo quantity at the loading port, vessel owners are urged to take the aforementioned recommendations into consideration and to consult their P&I Club in order to protect themselves against such unfortunate difficulties.



“NO, MR. BUNKER SUPPLIER, WRONG JURISDICTION” THE CENTRANS DEMETER



FD&D CORNER



by: Muge Anber-Kontakis, LL.M.
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A significant matter involving one of our Members was decided by the US Circuit Court of Appeals for the Eleventh Circuit.¹ This ruling offers a ray of hope for vessel owners whose ships have been arrested to enforce unauthorized maritime liens purportedly incurred against their property by charterers who fail to pay their fuel bills.

In the *Centrans Demeter*, Aries Shipping Co., Ltd. (“Aries”), a Hong Kong company, is the owner of the Hong Kong flagged vessel the CENTRANS DEMETER (hereinafter “the Vessel”). In November 2011, Aries chartered the Vessel to Zhenhua International Shipping Co., Ltd. (“Zhenhua”), a Chinese company with an office in Hong Kong. The charter party provided that Zhenhua was obligated to pay for all bunkers consumed and expressly stated that Zhenhua did not have authority to incur any obligation which may create a lien against the Vessel.

On November 18, 2011, Zhenhua placed an order for bunkers with A/S Dan Bunkering, Ltd., a Danish bunker supply company with offices in Shanghai and Beijing. After delivery of the bunkers to the Vessel in Hong Kong, Dan Bunkering submitted an invoice to Zhenhua for US\$593,484.00. Zhenhua tendered two payments to Dan Bunkering, totaling US\$150,000.00. Dan Bunkering alleged that no other payments were made.

More than two and a half years later, in June 2014, Dan Bunkering brought suit *in rem* to enforce a maritime lien against the Vessel and subsequently arrested it in the port of Mobile, Alabama to satisfy the unpaid balance of the bunker contract. Dan Bunkering claimed that it possessed a maritime lien against the Vessel pursuant to

the Commercial Instruments and Maritime Lien Act, 46 U.S.C. §31342 (“the Maritime Lien Act”). Dan Bunkering based its claim for a maritime lien on its Standard Terms and Conditions which allegedly gave Dan Bunkering the option of relying on the law of any country where the Vessel might be found.² Aries provided Dan Bunkering with security for its claims and the Vessel was released from arrest.

Rather than simply apply U.S. law (as Dan Bunkering urged), the United States District Court for the Southern District of Alabama conducted an analysis of what nation’s substantive law governed the issue of contract formation and whether, if foreign law applied, the case should be dismissed in favor of a foreign forum. The District Court noted that (1) the contract had been negotiated in Hong Kong and China; (2) the port of Hong Kong was the place of performance; (3) Aries was a Hong Kong company; and (4) the Vessel was flagged under the laws of Hong Kong. It therefore found that Hong Kong law controlled issues of contract formation and that the United States did not have a significant interest in applying its laws to the dispute. While the parties disputed whether Hong Kong law would allow enforcement of Dan Bunkering’s claim if brought there,³ the District Court refrained from making any ruling on the effect of Hong Kong law on the underlying contractual dispute. Applying the doctrine of *forum non conveniens*, the District Court dismissed the case in favor of a Hong Kong forum, conditioned upon Aries’ first agreeing to appear in Hong Kong and to waive any jurisdictional or statute of limitations defenses it might have, which Aries did. Upon dismissal of the suit, Aries’ security was cancelled and returned.

On appeal to the Eleventh Circuit, Dan Bunkering did not challenge the District Court’s conclusion that Hong Kong law applied to the issues of contract formation, but instead challenged the dismissal of the suit under the doctrine of *forum non conveniens*. The Eleventh Circuit ruled that the District Court did not err in ordering a conditional dismissal and that such dismissal did not render Hong Kong an inadequate forum just because Dan Bunkering could not pursue its *in rem* claim there. The Eleventh Circuit also agreed with the District Court’s ruling that the relevant documents, parties, and witnesses were all in Hong Kong and China, and that the only connection the Vessel had with the United States was the fortuity that it had been arrested in Alabama. That connection alone, the Eleventh Circuit held, was insufficient to outweigh the suit’s more extensive foreign connections.

Although neither U.S. court reached the underlying merits of the dispute - specifically, whether the Maritime Lien Act grants global authority to charterers to bind ships and their owners to contracts where the law under which the contract was formed denies them such authority - the result of the courts’ rulings was effectively the same. Rather than subjecting purely foreign transactions to U.S. substantive law without any consideration of equity or reasonableness, the *CENTRANS DEMETER* decisions stand for the principle that a proper choice of law analysis must be performed, and that foreign transactions should be judged, in the first instance, by the countries with the strongest interest and contacts with the parties and their dispute.

¹ A/S Dan Bunkering, Ltd v. M/V Centrans Demeter, 1:14-cv-00297-CG-N

² In relevant part, the Bunker Contract stated: “Our General Terms and Conditions of March 2010, which are known to you, are to apply. Copy available on request and on our homepage www.dan-bunkering.com.” The General Terms and Conditions available on Dan-Bunkering’s website contain a choice-of-law clause, which provided “The Bunker Contract shall be governed by the laws of Denmark. However, the choice of law is for the sole benefit of the Seller and the Seller may apply and benefit from any law granting a maritime lien and/or right to arrest the Vessel in any country as stipulated in Section 9 hereof.”

The relevant portion of Section 9 read that “The Seller is entitled to rely on any provisions of law of the flag state of the Vessel, the place of delivery or where the Vessel is found and shall, among other things, enjoy full benefit of local rules granting the Seller maritime lien in the Vessel and/or providing for the right to arrest the Vessel. Nothing in this Bunker Contract shall be construed to limit the rights or legal remedies that the Seller may enjoy against the Vessel or the Buyer in any jurisdiction.”

³ Although the district court found that Hong Kong represented both an available and adequate forum, Dan Bunkering feared that it could not pursue its *in rem* claim in Hong Kong, as Hong Kong law does not recognize maritime lien for unpaid bunkers.



NICKEL ORE: THE RISK OF LIQUEFACTION



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Between 2010 and 2013, six vessels that loaded nickel ore in Indonesia sank during their voyages to China, resulting in the loss of life of 81 seafarers.

The cause of each casualty is thought to have been due to liquefaction of the cargo affecting the stability of the vessel, resulting in the vessel capsizing very quickly, sometimes within a matter of minutes. For these reasons, nickel ore has been described as ‘the world’s most dangerous cargo’.

Nickel ore is a cargo that may liquefy if the Moisture Content (MC) exceeds the Transportable Moisture Limit (TML). The point at which the cargo can begin to act like a liquid is when the Flow Moisture Point (FMP) is reached. The FMP can be measured, whilst the TML is a theoretical figure set at 90% of the FMP, so as to create a 10% safety margin.

Such dry bulk cargoes that can liquefy may appear to be in a relatively dry granular state when loaded, and yet may contain sufficient moisture to become fluid under the stimulus of compaction and the vibration which occurs during a voyage.

Since 2011, the American Club have issued a number of Circulars and Alerts concerning the carriage of nickel ore and other cargoes which have the potential to liquefy. This information and further guidance can be found on the Club’s website. In addition, the article entitled, “Watery Graves”, on the topic of liquefaction last appeared in this publication in November 2013.

Since then much research has been carried out and regulations have been updated and amended, particularly the designation of nickel ore as a Group A cargo under the International Maritime Solid Bulk Cargoes (IMSBC) Code. In January 2014, the Indonesian government banned the export of nickel ore and the Philippines are now clamping down on the nickel ore mining industry due to environmental concerns. There continue to be incidents of nickel ore liquefying onboard ships, and there remains the very real threat of a fatal casualty, particularly with the latest developments affecting the nickel ore mining industry in Indonesia and the Philippines.

Nickel ore exports from the Philippines and Indonesia

Indonesia implemented a ban on the export of unprocessed ores in January 2014, which included the export of nickel ore. The intention of the export ban was to stimulate the Indonesian mines to build smelter facilities to process the locally mined ore into nickel. Prior to the ban, in 2013, Indonesia and the Philippines accounted for over 60% of the world’s nickel ore exports, with the ore mostly destined for ports in China for the manufacture of stainless steel. Australia, South Africa and the South Pacific nation of New Caledonia, made up the rest of the top five exporting countries. In 2014, without the supply from Indonesia, mines in the Philippines accounted for 50% of the world’s exports of nickel ore. The Philippines continues to export more nickel ore than any other country.

Liquefaction does not occur when the cargo consists of large particles or lumps and water passes through the spaces between the particles and there is no increase in the water pressure. The nickel ore material that is mined and

loaded onboard ships in Indonesia and the Philippines is made up of fine particles and can have a clay like consistency. Thus, the inherent moisture content can be higher than the moisture content of nickel ores shipped from other countries as the cargo is generally mined at the surface.

Lessons not learnt

Whilst exports of nickel ore were still underway from Indonesia prior to January 2014, the American Club, along with other members of the International Group of P&I Clubs, was seeing many instances whereby the requirements the IMSBC Code, were not being complied with. Certificates being provided by shippers often contained inaccurate data about the MC, FMP and TML of the cargo being presented.

Cargo was being brought to the ships and loaded onboard from uncovered barges. Shipowners’ representative surveyors were obstructed from obtaining samples of the cargo prior to it being loaded. Furthermore, shipowners and the Master were pressured to load the cargo being presented, but the suitability of the cargo had not been properly demonstrated to be safe for carriage and in accordance with the IMSBC Code.

These same problems were being experienced at the nickel ore load ports in the Philippines, and continue to be a problem today. The sampling methodology and laboratory analysis techniques used by the mines have been found to not be to the standards as required by the IMSBC Code. This has been exemplified by the fact when surveyors have been able to obtain cargo samples and have them analyzed at laboratories outside the Philippines, on all occasions the samples have ‘failed’ with the FMP found to be around 35%, rather than the 40% that is typically declared on certificates issued by the shippers, and moisture readings have been between 8 to 10% in error¹.

An additional problem peculiar to the Philippines is the threat from armed extremist gangs, who demand payments from the mines. If the payments are not made, then the mine’s operation can be disrupted and mine workers exposed to violence.

A shortage and ongoing intimidation of surveyors that do attend nickel ore loadings in the Philippines has resulted in some ships being loaded without a surveyor being onboard to monitor the process. In other cases, Masters or shipowners have been reluctant to follow the advice of the surveyor.

In 2015, two vessels that loaded nickel ore in Surigao, had to deviate to a safe port in the Philippines due to heavy lists developing soon into their voyages due to the liquefaction of the cargo. One of the Club’s correspondents, Pandiman, have received reports of ships arriving in China with the cargo liquefied in one or more of the cargo holds.

SOLAS and the IMSBC Code – changes to promote safe carriage of nickel ore

Shipowners who engage in the carriage of nickel ore must ensure their Masters have an up-to-date copy of the IMSBC Code available to them and are fully familiar with the contents. The same applies to their shore based staff who liaise with charterers to arrange for their vessels to load such cargoes.

The safe seaborne carriage of nickel ore can be enhanced by obtaining a representative sample amount of the cargo to be loaded, and this should be tested in a laboratory using established protocols, to measure the MC, FMP and calculate the TML. For safe carriage, the MC never exceeds the TML during loading and the voyage. Given the nature of the nickel ore material, it is very difficult to accurately assess the MC and the suitability of the cargo to load, based purely on the visual appearance of the cargo. An accurate sampling and laboratory analysis procedure must have been undertaken and accurate certificates produced stating the test results.

Since the implementation of the Indonesia export ban in January 2014, various amendments to the IMSBC Code have entered into force. These seek to increase the involvement of the designated “Competent Authority”² and to enhance the procedures involved in acceptance and loading of solid bulk cargoes that may liquefy, which include unprocessed mineral ores such as nickel ore.

¹ Information provided by Pandiman Philippines Inc, general correspondents for the American P&I Club in the Philippines.

² Under the IMSBC Code, *Competent Authority* means any national regulatory body or authority designated or otherwise recognized as such for any purpose in connection with this Code

A prudent shipowner and Master should be aware of some of the key elements of the IMSBC Code that apply to steps prior to and during the loading of nickel ore. These include the following:

- The Competent Authority (CA) shall operate independently from the Shipper. (Section 1.7)
- A signed certificate or declaration of the TML and MC must be issued to the Master or his representative by an entity recognized by the CA of the port of loading. (Section 4.3.2)
- The shipper must establish procedures to ensure the MC is below the TML while onboard the vessel, in accordance with the provisions of the Code, and they are to be approved and implementation checked by the CA. A copy of the approval document issued by the CA is to be provided to the Master or his representative. (Section 4.3.3)
- If the cargo is loaded onto the ship from barges, the shippers shall include procedures to protect the cargo on the barges from any precipitation and water ingress. (Section 4.3.4)
- For cargoes that may liquefy, the shipper shall facilitate access to stockpiles for the purpose of inspection, sampling and subsequent testing by the ship's nominated representative. (Section 4.4.3)
- Unless expressly provided otherwise, sampling for the test required by the Code shall follow an internationally or nationally accepted standard procedure. (Section 4.4.7)
- The sampling of stationary stockpiles shall be carried out only when access to the full depth of the stockpile

is available and samples from the full depth of the stockpile can be extracted. (Section 4.4.8)

- A test to determine the TML shall be conducted within 6 months of the date of loading the cargo. (Section 4.5.1)
- The interval between sampling / testing for moisture content shall never be more than seven days. If there has been significant rain between the time of testing and loading, check tests shall be conducted to ensure the MC of the cargo to be loaded is still below the TML. (Section 4.5.2)
- If samples remain dry following a can test, the moisture content of the material may still exceed the TML. (Section 8.4.2)

Possible resumption of exports of nickel ore from Indonesia

During the nickel ore export ban period in Indonesia, some open cast mining has continued and the raw nickel ore stored in uncovered stockpiles exposed to the elements and becoming wetter. In December 2016, the Indonesian government officials announced that the export ban was to be relaxed and that exports can be resumed within certain limits for mines that have the required export permits. However, ships that then arrived to load nickel ore in Indonesia had found that the mines did not actually have the required permits to export nickel ore and the loadings did not take place.

If or when the export of nickel ore from Indonesia will resume is not clear. However, if the reduction of the export quantities of nickel ore from the Philippines is imposed, it may influence the resumption of exports from Indonesia.

Government clampdown on nickel ore exports from the Philippines

In early February 2017, the Philippine Department of Environmental and Natural Resources said it had ordered the closure of 23 nickel ore mines in the Philippines, as a means to combat the environmental degradation being caused by the industry. That number of mines accounts for half of the Philippines nickel production. The mining companies have appealed against the closures. There may be further reviews and during that time the mines can remain in operation, and it is therefore unclear at present exactly how and when the mine closures will take effect.

The need for extra vigilance now

The problems that existed in the South East Asia nickel ore export trade 6 years ago when ships were sinking due to liquefaction, have not gone away. Consequently, incidents of nickel ore cargo liquefying continue, though luckily without any fatalities. The ongoing political and economic instability in Indonesia and the Philippine trades is difficult to solve. International organizations such as the IMO and Intercargo have thus far had little influence in ensuring that established and new regulations are followed. It remains to be seen if the Competent Authorities in Indonesia and the Philippines can establish monitoring and tight control of the protocols and safety regimes that need to be followed by the nickel ore mines and their laboratories.

In the meantime, the export of nickel ore from the Philippines continues as the mines operate under the uncertainty of their closures. Shipowners and charterers should endeavor to obtain verification from the cargo shippers to demonstrate that the mine has the required mining and export license.

As for Indonesia, the associated in-house testing laboratories have been dormant in conjunction with the current ban. Consequently, there has been no improvement in the standards of equipment, training or operation of the laboratories. Their understanding of and adherence to the requirements of the IMSBC Code may well fall short as a result. Once again, shipowners and charterers should obtain information from the cargo shippers to demonstrate that the mine has the required mining and export license.

In both the Philippines and Indonesia, shipowners and Masters on their vessels need to exercise increased vigilance when monitoring the condition of the nickel ore cargo being loaded and ensure adequate co-operation is provided to surveyors that attend onboard, and that appropriate steps are taken so that only safe cargo is loaded onboard.

COMMERCIAL & LEGAL SITUATION IN LIBYA



THE CORRESPONDENTS' CORNER

by:

Taher Shtewi

Shtewi Legal & Pandi Services

Tripoli, Libya

Six years after Libya's dictator Moammar Gadhafi was deposed in a popular revolution, the country remains trapped in a spiral of deteriorating security, economic crisis, and political deadlock. Trust in the nation's weak government institutions has fallen to an all-time low as political elites, unable to agree on even a governmental structure, deploy armed militias to control territory and economic assets. An additional challenge comes from ISIS and other violent extremists exploiting the situation to expand operations in Libya. Still, civil society organizations remain active and committed to laying the foundation for a unity government capable of rebuilding the state.

Since 17/02/2011 the situation at Libyan ports were changed dramatically due to the revolution which took place in Libya giving rise to hundred of the queries from the ship-owners and the clubs about the current situation in each port.

First of all to all of the club Currents Magazine reader I would like to explain the location of Libya which is situated in the middle of Northern North Africa. South of the Mediterranean Sea. The coast is about 1900 KM. The coast begins with the border of Tunisia in the West and Egypt in the East but Libyan deserts have borders with Sudan in the East, Tunis and Algeria in the West, Tchad and Al Niger in the South.

Due to the long coast, Libya had about 17 ports which are as follows:

- Marsa El Hariga (Oil port)
- Tobruk port (Commercial port)
- Derna Port (Commercial port)
- Benghazi Port (Commercial port)
- Marsa El Brega (Oil & Commercial port)
- Zuetina port (Oil port)
- Ras Lanuf port (Commercial & Oil port)

- Es Sider port (Oil port)
- Sirte port (Mainly Commercial port)
- Misurata Port (Commercial port)
- Ak Khoms port (Commercial port)
- Tripoli port (Commercial port)
- Zawia port (Oil port)
- Melitah port (Oil port)
- Zwarah Port (Commercial port)
- Farwah (Oil Terminal)
- Bouri (Oil Terminal)

Due to the collapse of the Libyan State the situation of each port changed from time to time as many ports were closed for many years due to the civil war which had been taken place in different parts of Libya and had affected the operation of the ports.

Libya has a big wealth in oil, gas and fish but due to our small population Libya is always dependant on foreign employees from most of the world countries but due to the upset took place in the country, for the past six year

a lot of foreigners had left the country because of the safety of these employees. This has given rise to problems in production due to the lack of expertise. However, it is hoped that when the various factions finally reach agreement and terrorist organizations are dealt with, foreign workers will return giving rise to great prosperity. Before this can happen however, it will be necessary to establish a national army and police force to maintain law and order. At the end of the civil war thousands of Libyans retained their weapons and life in Libya is unsafe.

However, by and large vessels are arriving in Libyan ports and are being worked normally which of course would include the usual problems arising from damages and shortages of cargo. The claims are being dealt with in the usual manner where possible but occasionally the receiver will take the law into his own hands and demand immediate payment without recourse to the courts and the Libyan law.

In Libya the club letters of undertaking are usually acceptable to cover any shortage or damage claims except that as mentioned above, there are few traders who always insist in receiving cash settlement before allowing the ship sails from the port.

Also as per Libyan Marine Law owners could limit their liability by LD 100.00 (Approx. USD 80.00) for each package, bundle or MT which no doubt had assisted a lot of ship owners and clubs to minimize the cargo claims costs. However for obvious reasons if the receiver is unwilling to accept this there is very little that can be done to force them if they have detained the vessel.

The problem we currently face as club correspondent in Libya is that due to the situation we not able to provide the club with the required services due to the high risks of safety of the employees as a lot of kidnaps have taken place in most of Libya cities.

So far we did not report any problems against the ships or the crew at any Libyan operating ports and hope to avoid any problems in future.



THE AMERICAN CLUB

Celebrating 100 Years of Excellence

Global Reach, Local Touch



Introductory Remarks

By J. Arnold Witte, Chairman, The American Club

It is a particular pleasure to provide some comments for this March edition of Currents on the eve of the American Club's 100th Annual Meeting in June this year.

The Club celebrated its actual birthday on February 14, 2017, the day on which, one hundred years earlier, the Club was originally established. However, it is in the context of this year's annual meeting that the main celebration will take place, here in New York, to be followed by other events throughout the world over the months thereafter.

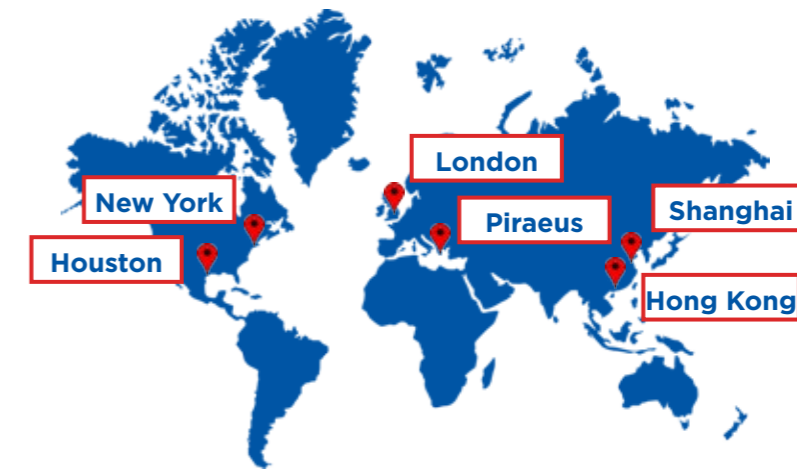
Many who read this will already have received a copy of the Club's centennial history. The story of the American Club over the last 100 years is, as I am sure everyone will agree, a thoroughly interesting one which highlights the many twists and turns of world events over a remarkable period of years. Given that the past has been so amply chronicled in the history itself, you will permit me to address what, in my view, the future may hold for the Club.

We are mindful of the many challenges faced by our members in a complex legal, regulatory and operating environment. In view of these challenges, we will continue to focus intently on meeting our members' needs. Doing so has been, and will continue to be, the basis of the American Club's success.

The Club has grown strongly in recent years, and has diversified its operations in many ways: by reference to vessel type, domicile of management and, indeed, line of business offered. However, growth and diversification for their own sake are not on our agenda. Benefits from such development will, of course, show themselves - as they have already done - but we will be guided by the interests of the membership first and foremost in making such strategic decisions.

So, in celebrating the Club's first century, we have an eye to the future which, I feel sure, will continue to be characterized by the success which the Club has enjoyed in recent years, but always with a single-minded commitment to our members' interests over the years to come.

Directors of The American Club



Global Management Team



THE AMERICAN P&I CLUB: It is the people that make all the difference



By Dorothea G. Ioannou, Global Business Development Director

As a P&I Club, it's very easy to talk about what we do. Indeed it is usually a topic of great interest. What I find even more interesting though is who we are, how we got here and what it is that makes the difference. As we celebrate our 100 year anniversary I'd like to talk about our people. P&I is unique in that it's built on relationships and the know-how of the individuals that make up the Club. We're not simply an insurer you don't really know but rather a dynamic living organization that provides a wealth of expertise which uses its vast experience and data to assist in assessing and meeting your risk needs. At the American Club we are especially proud of the ability to perform on a personal basis within each community we situate ourselves in, not only from the local office itself but by using our global reach to draw on every individual in the organization.

I would like to begin with our prestigious Board of Directors. The American Club has an active Board of Directors representing every sector of shipping and all major shipping regional hubs. The Managers work closely with the Board and extract also their experiences and concerns as representatives of the industry as Shipowners and operators to ensure needs of the market are met. The Board also has independent legal, financial and insurance Directors to provide further insight on important issues. This is important as ultimately, the Club, being a mutual insurer, is a self-insurer.

It all began 100 years ago in 1917 when many in the US shipowning sector suddenly found themselves without P&I cover as a result of British sanctions in 1916 during World War I and the American Club was founded to meet that need. The Club has obviously gone through many ups and downs in its 100 year history including in fact becoming at one point in time the largest P&I Club in the industry! It is however, the modern day history of the Club that has made the most significant impact.

In 1995 the Club implemented a new strategy which brought in new leadership to promote the expansion of the Club's membership internationally and expand its service capabilities through international offices. Through this global vision implemented by new leadership of its Managers, New York based Shipowners Claims Bureau, Inc., through Joseph Hughes and Vincent Solarino and with the steadfast support of the Club's Board of Directors, the American Club embarked on its great journey of growth and diversification on an international scale. It was this strategy which was the driving force behind how the Club was able to enter the international shipping industry and span its membership and presence across continents. All the people that make up the Club that you know so well today were a part of this strategy to make the difference in service and make the Club a global competitor.

Through this strategy the Club went through what I can only call an astounding metamorphosis. The Club eventually became a full member of the International Group of P&I Clubs achieving significant milestones over the last 20 year period including a five-fold increase in tonnage, a four-fold increase of premium, an eight-fold growth in total funds and a ten-fold increase in free reserves. None of which could ever have been done without the right people.

The NY office, the head office, was and remains the nucleus of the organization. In New York you will find the core of every department: executive management, finance, accounts, underwriting, legal, claims, loss prevention, surveys and technical, business development, compliance, human resources, IT, actuarial, analytics, reinsurance, and global administration. It is the root of the Club's global family tree which stretches across continents today.

London was where the Club first expanded in order to meet the needs of a changing world of trade and insurance and also the changing face of the Club as it expanded its membership eastward into Europe. The London office today is made up of a team of highly diversified individuals with international experience in the industry serving as a hub for marine insurance broker relations with marketing and business development liaisons as well as highly experienced claims staff bringing over 65 Years

of combined experience to the growing family of the American Club.

The next stop was Piraeus, Greece in 2005. As the Club grew its membership in Europe with a concentration in Greece due to its high shipowning presence in the international shipping market, the Club expanded its office presence to Piraeus. Today the specialized team of 10 maritime professionals support business development, marketing as well as claims service and adds just over 100 years of maritime experience across all sectors of the industry. Believing in becoming a part of the regional community, the Club invested in local talent with local as well as international experience and education in order to provide the highest level of maritime regional know how for the shipping community in that region using also fluency of the local language.

Moving even further East as the Club grew it opened its doors in Shanghai in 2007. Today the office is comprised of five maritime professionals, both from the risk assessment perspective as well as legal/claims backgrounds. It represents both the local know how and language capability necessary to become a part of and service that community. Merging the western can-do attitude with the eastern regional know how of local professionals, the team adds almost 40 years combined of experience to the American Club family.



THE AMERICAN P&I CLUB: It is the people that make all the difference

continued from page 21

Recognizing the next major shipping hub for the Far East and South East Asia the Club chose Hong Kong for its next office. Tapping in to the abilities and network of maritime professionals with extensive experience in the region relating to claims, business development and technical services, the Club today boasts a team with over 50 Years of combined experience and know how in the region.

Coming full circle, the American Club being a US based insurer, and the only mutual P&I Club domiciled in the Americas, the Managers recognized the significance of the Gulf Coast shipping industry and made its most recent move in to the shipping community and growing shipping hub of Houston which has added a wealth of value to the Club's ability to serve our membership and enhance its natural US footprint. With the specialized and highly qualified personnel based in Houston we have now added a combined 25 years of experience in the maritime industry.

Most recently, the depth of the Club and its family of experts has been enriched through the establishment and founding of American Hellenic Hull Insurance Company Ltd., through which the Club further diversified into the hull insurance sector. AHHIC Ltd. Through this diversification and joining of forces with Managers Hellenic Hull Management, the team now offers an

even greater level of marine insurance expertise. The Managers of AHHIC add the value of staff with 100 years of combined experience in Hull, War, Loss of Hire and an array of products complimenting both Hull and P&I.

It has been a fantastic journey for the American Club and its Managers, standing today as a global team of maritime experts, carrying a history of 100 years in the marine insurance industry, but offering centuries more of combined expertise across its offices from within the most major shipping hubs on the planet. It is however, the dynamic of each and every individual working together within the organization, and within each of the shipping communities, hand in hand with the people within its outstanding membership, which has made the Club what it is today, a truly global insurer.

As the American Club continues its journey of growth looking beyond its 100th birthday this year, it takes pride in having received prestigious accolades such as the Lloyds List North American Marine Services Award 2016 and the Sea Transport Award for Insurance Services 2017. However, what the American Club truly prides itself on are its people. In a world where insurance capacity is high and covers available easily, it is the service that differentiates the caliber of cover and product. That can only be done by a company's people and it is always the people that make all the difference.



The American P&I Club's History



New Club Publications & Initiatives

The American Club: A Centennial History

The American P&I Club published its Centennial Book to celebrate its first 100 years of history.

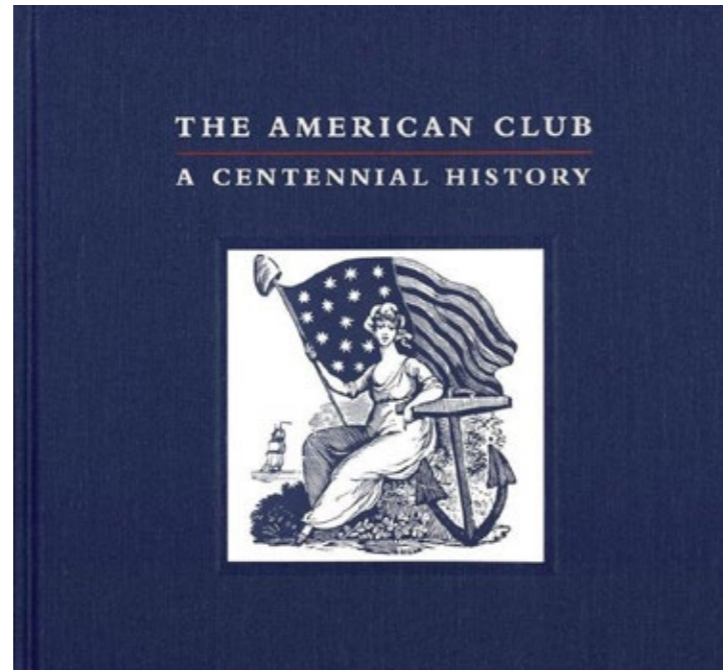
The American Club is the only P&I Club domiciled in the United States and was founded on February 14, 1917 to provide a reliable source of third party liability coverage in the United States.

At the time, P&I insurance was available primarily from Clubs in the United Kingdom and Scandinavia. The World War I was ranging in Europe and as a result, the US-based shipowners were barred from buying cover from British Clubs in consequence of UK government trade-related sanctions, which had been imposed on certain US shipowners in 1916.

This book was written by Richard Blodgett, one of America's most celebrated corporate historians and explores the history and the achievements of the first hundred years of the Club against the background of a turbulent century, describing the impact of the world's affairs on the shipping industry both at home and overseas. Chronicling the Club's development in a constantly changing commercial environment, it shows how the Club has now managed to be navigating with confidence to a new century of service to its growing constituencies across the world.

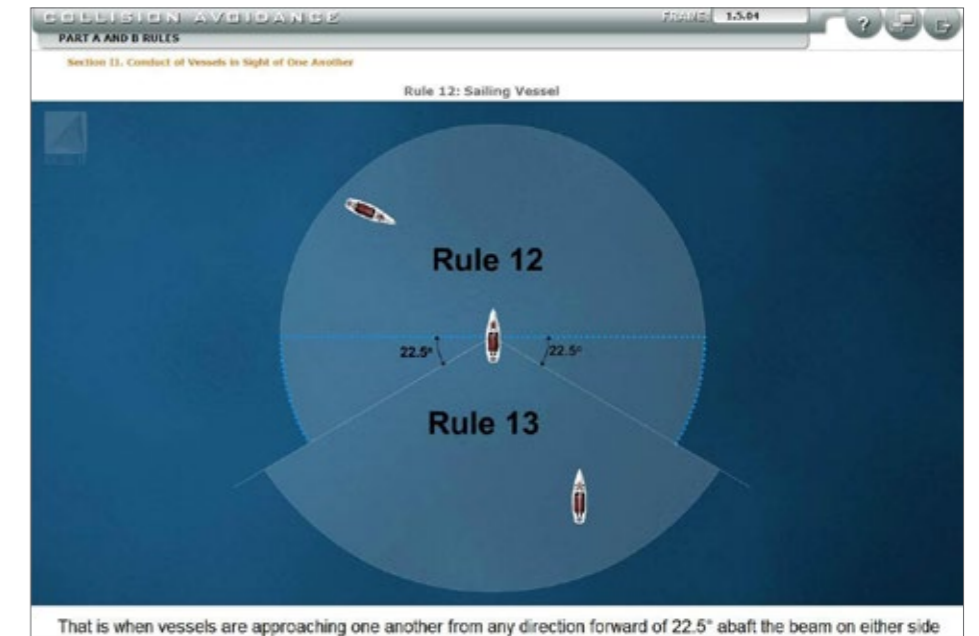
All Members should by now have received a copy of the history, while its distribution to the many others who will have an interest in reading it remains under way. If any Member should not have received a copy, the Managers can be contacted either at their New York headquarters at info@american-club.com or at any of their regional offices to arrange for one to be sent.

Events in celebration of the Club's centennial are planned for later in the year for our Members, their brokers and other service providers.



New Collision Avoidance e-Learning Module

In February, as part of the American Club's ongoing strategy through the development and dissemination of loss prevention services to our Members, we have introduced an e-learning training module on compliance with the *International Regulations for Preventing Collisions at Sea* (COLREGS). The development of this module was the result of our claims and incidents data that shows that since 2006, Club Members have experienced more than 60 collision incidents per year at a cost of US\$ 193,000 per incident. The module provides a summary of the COLREGS that set forth the "rules of the road" or navigation rules to be followed by ships and other vessels at sea to prevent collisions between two or more vessels. Members are reminded that access to all e-learning tools are free of charge and access can be gained through our website at <http://american-club.com/page/education-training-tools>.



#AmericanPandi goes live!

Members will be pleased to know that the American Club now has a social media team to communicate the Club's and its Managers' activities on a regular basis. The Club members and the industry at large are now able to learn of Club developments, updates, news, alerts, events, publications, initiatives and happenings in real time on LinkedIn, Twitter and Instagram.

Be sure to follow us!

@americanpandi and #americanpandi



The American Hellenic Hull News

American Hellenic Hull is growing

On March 2nd, 2017, American Hellenic Hull Insurance Company held its third Board of Directors meeting in Limassol, Cyprus. The company reported 1,286 insured vessels, writing accounts at a higher than expected rate (+23,5%) month by month; kept the operating expenses at lower levels than budgeted (-10,6%); achieved Gross Loss Ratio on written premium 52.91% in its first seven months of operations. Being the first Hull & Machinery Underwriter in the Region under Solvency-II E.U. regime, it has already an improved ratio of eligible own funds to Solvency Capital Requirement by +48% offering triple-protection to policy holders.

All growth indications show that the company is close to meet its 2017 annual targets. The CEO roadshows every two months to key markets, and is supported when needed by the American Club's business development team. Until today the team has analyzed 221 prospect companies, but insured only 75 (35,4%) of them, abiding to its strict Underwriting criteria. American Hellenic Hull now works with more than 100 brokers around the globe and its insured vessels are mainly from the German, Cypriot, Greek, UK, and Italian markets.

CEO Mr. Ilias Tsakiris stated: "We are committed to grow the business, by turning Marine Insurance underwriting into a personal trusted relationship and custom protection for every quality ship owner. Our team strives to build the brand awareness, to increase the portfolio and avoid financial and claims risks. In this effort, we get invaluable support by every Board member and the American Club's business development team".



American Hellenic Hull's first market presentation in Cyprus

At the company's inaugural presentation in Cyprus, held in Limassol, on April 6th, 2017, the Cypriot market was fully briefed on the company's first eight months of growth as well as the emerging potential of Cyprus as a global marine insurance hub. The presentation was attended by Cypriot officials, shipowners, maritime sector executives, fellow members of the Association of Insurance Companies, and brokers from the UK, Germany, Cyprus and Greece as well as representatives of the media.

Speakers were Marios Demetriades, Minister of Transport, Communications and Works of Cyprus, Vince Solarino, Chairman of the American Hellenic Hull Insurance Company and President of the managers of the American P&I Club, and American Hellenic Hull's CEO Mr. Ilias Tsakiris.

In his welcome speech, Mr. Demetriades highlighted American Hellenic Hull's fast-expanding global presence as an important example of the growth opportunities available to the Cypriot shipping cluster. Mr. Solarino briefed the audience on the 100-year history of the American Club. He also explained the reasons for the company's move to invest in Cyprus. Mr. Tsakiris, the company's CEO, reported on progress in its first eight months of operations. The audience was told that the company has already insured 1,524 vessels from 10 countries spread across three different continents, and is working with about 100 brokers. Mr. Tsakiris said that American Hellenic Hull is currently in the process of obtaining a rating from an international rating agency. He also explained the importance and benefits of positioning Cyprus globally as a shipping centre, an effort to which American Hellenic Hull is contributing.

To close the event, guests enjoyed a pleasant cocktail reception that provided an opportunity for further networking and receiving feedback from attendees, who were overwhelmingly positive in their response to the company's presentation.

American Hellenic Hull's first market presentation in Cyprus



SEA TRANSPORT AWARDS 2017 MARCH 2017

The American P&I Club and its Managers, Shipowners Claims Bureau Inc. have been awarded the “Best Global Marine Insurance Services Provider 2017” in the Sea Transport Awards that are hosted by Transport News International Magazine and AI Global Media Ltd.

The Sea Transport Awards 2017 aim to highlight the frontrunners within this industry, outlining the hard work and dedicated contributions of the decision makers and organizations that shape the Sea Transport sector.

It is thrilling for the Club to receive this prestigious award as it celebrates its 100th birthday this year, but more importantly it verifies that the strides that have been made by the American Club in its recent history are recognized as achieving excellence in its sector by the maritime industry internationally.



COMMEMORATING THE FRIENDSHIP OF THE U.S.A. AND THE HELLENIC REPUBLIC FEBRUARY 2017 - M/V HELLAS LIBERTY, PIRAEUS, GREECE

The American P&I Club supported the 190th anniversary of the frigate Hellas donation from U.S. to the Hellenic Republic and the 70th one of the Truman doctrine onboard the historical Liberty Ship. A memorable event organized by Propeller of U.S. Port of Piraeus and the "Friends of LIBERTY"!



ACI 6th Annual Forum on Admiralty & Maritime Claims and Litigation

January 2017 – Miami, FL, USA

Boriana Farrar participated in a roundtable discussion on P&I Club and Insurance, touching also upon Cybersecurity and the latest developments in claims..



16th International P&I Conference

February 2017 – Piraeus Marine Club, Piraeus, Greece

“Clubbing debates at the Piraeus Marine Club”

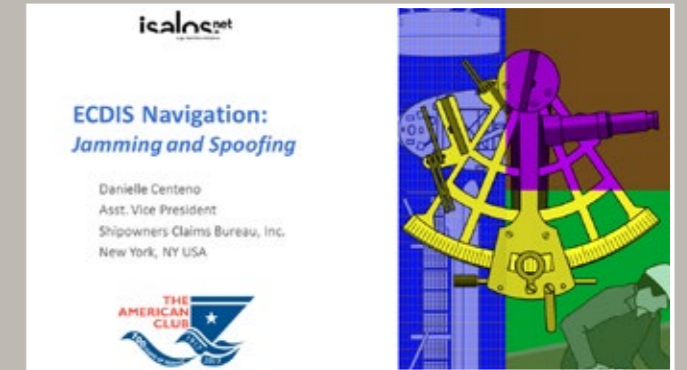
The 16th International P&I Conference was one of the best ever in recent memory with Joseph Hughes asserting that “strong finances were important, but that service excellence was more so”.



23rd Annual Hellenic/Norwegian-American Chambers' Shipping Conference

February 2017 – New York, NY, USA

George Tsimis participated on the panel for changing the regulatory landscape and its impact on the shipping fleet.



Isalos.net Navigation Safety Conference

January 2017 – Aikaterini Laskaridis Foundation, Athens, Greece

Danielle Centeno delivered a video presentation on “ECDIS Navigation: Jamming and Spoofing”.



Capital Link

February 2017 – Limassol, Cyprus

The American P&I Club was a proud supporter of the Capital Link Cyprus Forum. Also, Joe Hughes was a panelist on the panel “Optimizing Insurance & Reinsurance-Trends & Developments”.



Propeller Club of New York & New Jersey Luncheon

February 2017 - New York, NY, USA

Our New York office hosted the Propeller Club of New York and New Jersey for a Speaker's Luncheon. Vince Solarino welcomed and introduced the Captain of the Port of New York, Cpt. Michael Day who delivered an update on the status of the port of New York.

“IN THE SPOTLIGHT”



Long Island Sound Passenger Vessel Industry Day
March 2017 – Sayville, NY, USA

Boriana Farrar was a speaker and panel member at the 2017 Passenger Vessel Industry Day, where she presented an “Introduction to P&I Insurance”.

Isalos.net “Choosing Shipping”
March 2017 – Chios island, Greece

Dorothea Ioannou was one of a number of industry professionals invited to address students of the Maritime Schools of Chios and Oinousses on the topic of maritime professions.



P&I Clubs Workshop by QMUL in Greece & HMC
March 2017 – HMC Premises, Piraeus, Greece

Students and shipping professionals had the opportunity to attend P&I Clubs Workshop organized by QMUL and the Hellenic Management Centre. Dorothea Ioannou presented the Collisions P&I cover, FDD and the interplay of Hull RDC.

International Women's Day
March 2017 – Hong Kong

John Wilson attended the WISTA HK event celebrating the contribution of “Women at sea”. Carmen Chan and Joanne Kwok spoke about their experiences working at sea.



CMA Shipping 2017
March 2017 – Stamford, CT, USA

Senior Managers of the American Club conducted a seminar on current shipping issues and marine insurance matters.

T&T Salvage OPA 90 SMFF Seminar
April 2017 – Shanghai, China

Dimitris Seirinakis presented on Casualty Management in the USA and the documents expertise of the Club at the seminar hosted by T&T Salvage.

“IN THE SPOTLIGHT”



12th Singapore Maritime Week
April 2017 – Singapore

The American Club supported the leading maritime event that gathers the international maritime community in Singapore. Chris Hall from our Hong Kong office attended the Conference.

London Marathon 2017
April 2017 – London, UK

To celebrate the American Club's centennial year Brian Davies ran the London Marathon and raised £9,593.73 for the needs of the Sailor's Society that supports seafarers serving on ships navigating the world's oceans.



24th Annual International Maritime Hall of Fame Awards
May 2017 – Grand Hyatt, NY, USA

The Club was honored to host Mr. & Mrs. Markos Marinakis, Deputy Chairman of the Club's Board of Directors, at the 24th Annual International Maritime Hall of Fame Awards 2017.

MLA's IOCS Meeting
May 2017 – New York Office, NY, USA

The Club was honored to host the MLA's international organizations conventions and standards committee meeting at its headquarters in New York.



2017 Marine Log Tugs & Barges Conference
May 2017 – Stamford, CT, USA

The American Club supported the 2017 Marine Log Tugs & Barges Conference. Boriana Farrar gave a presentation on Cybersecurity and the P&I Perspective and was joined by Danielle Centeno.

“Success Stories”
May 2017 – Limassol, Cyprus

Dorothea Ioannou participated on a panel organized by WISTA Cyprus and spoke about her career course in Shipping leading to her role at the American Club today.

"IN THE PRESS"



WEEKLY

P&I proves enduring business as another mutual tops 100

London and American clubs reach milestones in entwined history
January 19th, 2017 18:00 GMT
by Jim Mulrenan London
Published in WEEKLY

Corporate life expectancy on average runs to a mere 15 years but the longevity of protection-and-indemnity (P&I) clubs is on a very different scale.

When the American Club hits its centenary next month all but one of the 13 International Group clubs will be more than 100 years old, with four having seen more than 150 renewals. The exception is the Japan Club, at a mere 67 years old. Despite this relative youngster from Tokyo dragging down the numbers, the International Group P&I clubs have a combined age in excess of 1,700, giving an average of more than 130.

Even the clubs that fell by the wayside, such as the Liverpool and London, Newcastle and Sunderland, all survived beyond their centenary, with only the Neptune, absorbed into the North of England Club in 1967, perishing as a septuagenarian.

The American Club centenary follows last year's 150th anniversary of the London Club. Both clubs have illustrious pasts and more than averagely colourful histories but are today among the smallest members of the International Group.

Their histories are also intertwined, perhaps more than any other of the P&I clubs.



Η ελληνοαμερικανική συνεργασία στη Ναυτιλία που κατακτά την αγορά



Του Μηνώ Τσαμδούλου

Μέσα σε ένα δύσκολο οικονομικό περιβάλλον, με την κρίση να έχει λάβει παγκόσμιες διαστάσεις που πλήττουν και τη ναυτιλιακή βιομηχανία, Έλληνες και Αμερικάνοι αποφάσισαν να ενίσχυσαν τις δυνάμεις τους δημιουργώντας μία ισχυρή ναυτασφαλιστική εταιρεία η οποία στοχεύει να πρωταγωνιστήσει. Είναι επιχειρηματική κίνηση στρατηγικής σημασίας.

Πρόκειται για την American Hellenic Hull Insurance Company (AHHC) Ltd που δραστηριοποιείται σε όλα τα διεθνή ναυτικά κέντρα.

Μέσα σε 9 μήνες λειτουργίας έχει ήδη ασφαλίσει περίπου 1.500 πλοία.

«Ασφαλίζουμε ζημιές ακάθους και μηχανής (Hull & Machinery). Έχουμε ήδη 1.512 ασφαλισμένα ποταπόρα πλοία. Το 50% είναι από Κύπρο-Ελλάδα και το 50% από Ν.Υόρκη, Λονδίνο, Σαγκάη, Αμβούργο» επισήμανε ο διευθυντής σύμβουλος της εταιρείας, Ηλίας Τσακίρης, στη διάρκεια της παρουσίασης που έγινε στη Λεμεσό, στο ναυτιλιακό cluster της Κύπρου.

26 INSURANCE

American Hellenic doubles insured fleet within year



ILIAS TSAKIRIS: Ahead of plan.

Jim Mulrenan London
American Hellenic Hull Insurance has more than doubled the number of ships on its books since its launch in the middle of last year. Other key indicators are also looking favourable, with chief executive Ilias Tsakiris reporting to a recent board meeting that the company is progressing ahead of its business plan.
The Cyprus-based insurance company, a wholly owned subsidiary of New York-based American Steamship Owners Mutual Protection and Indemnity Association, inherited business originally written by the Hellenic Hull Mutual, which is now in run-off.
About 610 ships transferred

cover under a novation deal but the fleet on the books of American Hellenic has now passed 1,286 vessels.
This is 23.5% ahead of target, with other figures, such as a gross ratio of 22.9% of written premium and operating expense levels 10.6% below budgeted levels, also favourable.

CAUTIOUS AND SELECTIVE
American Hellenic has looked at 221 prospective fleets but insured only 75, an acceptance rate of 35%, which is seen as an indicator of a cautious and selective underwriting strategy. American Hellenic writes an up-to-\$10m subscription share on hull risks but can take up to \$50m of war-risks cover.

Hellenic Hull Mutual focused on Greek and Cypriot owners but the fleet on the books of American Hellenic is casting the net wider and already has signed up German, Italian and UK buyers.

This led to a cash call and deposit at Laiki Bank.
These led to a cash call and deposit at Laiki Bank.
These led to a cash call and deposit at Laiki Bank.



BORIANA FARRAR: Vice-president of the American Club.

από πέντε χώρες, μεταξύ των οποίων Κύπρος και Ελλάδα, διαχειριστικές εταιρείες και στελέχη, μερικές ασφαλιστικές και εργοληπτικές εταιρείες από Κύπρο, Αργεντινή, Γερμανία, Ελλάδα, εκπαιδευτική και διεθνή ναυτιλία, τραπεζών και εκπαιδευτική ασφαλιστικών εταιρειών.
Την καθύλαξη χαίρουν οι Μάρκος Δημητριάδης, υποπρόεδρος ασφαλιστικών Υπηρεσιών, Επικοινωνία και Έργων Κυπριακής Δημοκρατίας, και ο Νίκος Σολιμάρης, πρόεδρος του δ.σ. της American Hellenic Hull Insurance και του American P&I Club.

«Ο Νίκος Σολιμάρης, πρόεδρος του δ.σ. της American Hellenic Hull Insurance και του American P&I Club, τόνισε μεταξύ άλλων ότι η AHHC συνεργάζεται με 100 ασφαλιστικές εταιρείες σε 100 κέντρα σε όλο τον κόσμο, οι οποίες προσφέρουν υπηρεσίες που είναι απαραίτητες για την ανάπτυξη της ναυτιλίας. Η εταιρεία έχει ήδη ασφαλίσει 1.512 πλοία, εκ των οποίων το 50% είναι από την Ελλάδα και το υπόλοιπο 50% κυπριακής και διεθνούς προέλευσης. Στις παρελάσεις συμμετείχαν 164 υψηλόβαθμα στελέχη της ναυτιλιακής αγοράς

"IN THE PRESS"



Claims inflation could push up P&I premiums, American Club warns



Joe Hughes

This year could mark a turning point for P&I, as commodity prices increase and political risk make 2017 outlook uncertain. Joe Hughes, chief executive of Shipowners' Claims Bureau, which manages American Club, was speaking to Lloyd's List on the outlook for the current season, which culminates next Monday.

Hughes commented that an ongoing benign claims climate had produced a renewal characterised by club reluctance to impose general premium increases significantly harden cover terms.



To American club γιορτάζει τα 100 χρόνια



Joe Hughes

Το American P&I Club φέρθηκε στα Νέα Υόρκη εκδηλώνοντας τον 100ο χρόνο της ίδρυσής της. Ο πρόεδρος του American Club, Joe Hughes, τόνισε ότι η εταιρεία έχει ασφαλίσει περισσότερα από 1,286 πλοία, με την κίνηση να είναι 23,5% πάνω από τον στόχο. Ο Hughes σημείωσε ότι η εταιρεία έχει ήδη ασφαλίσει 1,286 πλοία, εκ των οποίων το 50% είναι από την Ελλάδα και το υπόλοιπο 50% κυπριακής και διεθνούς προέλευσης. Στις παρελάσεις συμμετείχαν 164 υψηλόβαθμα στελέχη της ναυτιλιακής αγοράς

14 ΝΑΥΤΙΑ

Στόχος 4.000 πλοία ασφαλισμένα το 2020



Μηνώ Τσαμδούλου

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Washington ruling hikes shipowners' risk of punitive damages

Legal experts say state supreme court decision threatens to create divided regime in unseaworthiness claims.

STEAMING AHEAD



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

The American Club celebrated its 100th Centennial Year on February 14, 2017 with renewed vigor and a sharper view of its Vision 2020 initiative. The milestones set in 2015 to expand the Club's brand through a robust Global Business Development initiative, new marine product lines, market related partnerships, increased exposure to capital markets and recruitment of key personnel have been met and exceeded. I am proud to say the American Club is without doubt steaming ahead on a steady course calling "ports of plan" as scheduled and picking up a head of steam!

The changing political spectrum around the world appears that it will continue to create an environment of uncertainty in the markets as a result of loud voices of opposition despite election results. Trump won the U.S. Presidency by an electoral landside coming as a shock to the opposition party (and perhaps, even to some of his own party) creating probably the worst partisan politics in America's history. Likewise, the Brexit vote came as a bigger shock than a P&I Club's unbudgeted supplementary call shaking the underpinnings of a cohesive European Union experiment. Perhaps this was the first shot heard around the world and a prelude to a more global groundswell of discontent for the status quo.

France's Marine Le Pen provided yet more intrigue and uncertainty in this regard propelled by similar voter views and concerns that influenced Trump's ascension and Britons' Brexit vote. Greece is still trying to climb out of national debt and capital controls, and Italy's economy is placing strain on its ability to balance its budget and remain a "good member" of the European Union. What seems certain is that "business as usual" will not be so usual.

Now add to the mix China's plans for a more expansive presence internationally under the banner of "One Belt, One Road", purchasing and long-term leasing strategic ports worldwide, their ability and intent to build fleets of ships to move more than 60% of their own raw materials, and their ship building capacity that can be triggered in a short period of time to float enough tonnage to deflate freight rates for years to come.

Despite all of these uncertainties, political change, and major market forces shifting the economic landscape, the world economy is on an undeniable upward march. The U.S. stock market has hit one new high after another and the economic confidence level has strengthened considerably. The European markets have also begun

to show significant signs of economic improvement and strengthening currencies. The world market, and certainly the maritime market, knows how to make course correction and sort through all of the cyclical variables and psychology of the marketplace. The future appears to be shining a bit brighter than it had one year ago.

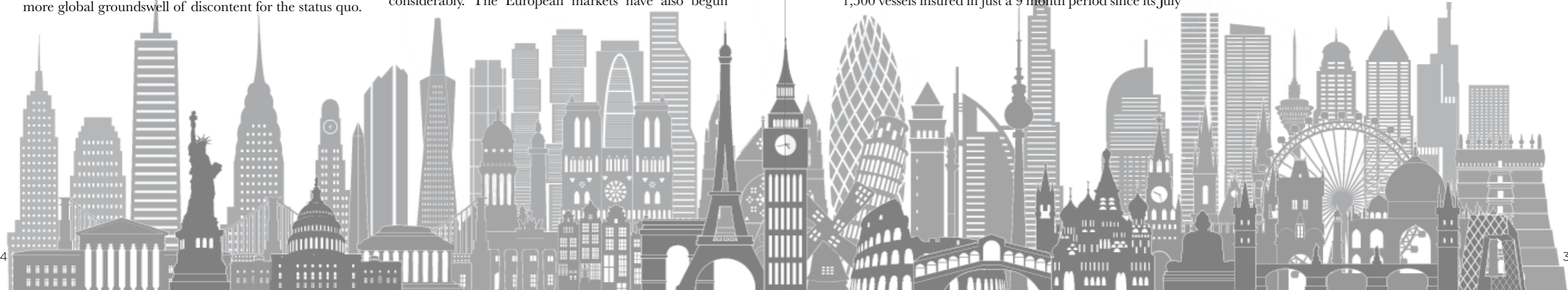
The American Club, and its Manager, are also looking into the future with a new initiative to expand its intern program worldwide. All department heads and satellite offices have been instructed to recruit interns and train the next generation of potential P&I candidates. The Club has also initiated a Social Media program by forming a new Social Media team to communicate the American Club's and its Manager's activities on a regular basis. Quite a bit of activity is happening at the American Club and the Manager's team is anxious and excited that the entire market is aware of its participation in a most interesting maritime industry.

The American Club's participation in the hull & machinery insurance market through its related subsidiary company, American Hellenic Hull Insurance Company, Ltd (Cyprus), is also steaming ahead quite well with over 1,500 vessels insured in just a 9 month period since its July

2016 licensing by the Cypriot regulators under Solvency II directive. We project significant gains in insured vessels by the end of 2017 while maintaining a very respectable loss ratio presently less than 50%. Our Eagle Ocean Marine fixed premium facility is also enjoying considerable success and gaining market recognition for being a well serviced and well underwritten fixed P&I facility.

The American Club's "BIG EVENT", however, will take place in New York City on June 22, 2017 with a gala Centennial Annual Dinner celebration at Cipriani 42. This will be a celebration, not only to mark the 100th year in operation, but a tribute to all of the American Club's past and present shipowner members, Board Directors, Managers and all of the maritime industry participants that helped the American Club successfully operate and compete as the only mutual P&I Club in the Americas!

Thank you All,



AMERICAN STEAMSHIP OWNERS MUTUAL
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