



JUNE 4, 2015

CIRCULAR NO. 26/15

TO MEMBERS OF THE ASSOCIATION

Dear Member:

INCREASE IN LIMITS UNDER THE CONVENTION ON LIMITATION OF LIABILITY FOR MARITIME CLAIMS (LLMC) 1976

Members are asked to note that amendments to the 1996 Protocol to the LLMC Convention come into effect on June 8, 2015. They increase liability limits by 51 per cent.

Background

The LLMC Convention allows shipowners to limit their liability for certain maritime claims. Different limits apply as between claims for loss of life or personal injury, and claims for other types of loss or damage.

Limits for claims for loss of life or personal injury are higher than those for other claims (see the table below), and also take priority over other claims. The limits are based on a vessel's gross tonnage (GT) and are expressed in Special Drawing Rights (SDRs) as published by the [International Monetary Fund \(IMF\)](#).

The new limits

Limits are adjusted from time to time to take account of inflation factors, both general and claims related. A major revision was accomplished in the form of the 1996 Protocol to the Convention. This entered into force in May 2004.

In April 2012 the IMO Legal Committee determined that a 51 per cent increase in the 1996 Protocol limits be adopted. The new limits will enter into force on June 8, 2015. Reference can be made to [IMO Resolution LEG.5\(99\)](#) for further details.

The effect of the new limits

The revised limits will increase a shipowner's exposure in the case of significant maritime incidents where claims are settled or adjudicated in accordance with the law of any state party to the 1996 Protocol. It should be noted that states that are party to the 1976 LLMC Convention, but have not accepted the 1996 Protocol, will not be affected by the change in limits.

The effect in US Dollar terms of the new limits can be seen in the two illustrations over the page.

Vessel example	Type of claim	1996 limits (USD millions)	2012 limits (USD millions)
Bulk carrier(50,000 GT)	Loss of life or personal injury	51.3	77.5
	Other types of loss or damage	25.7	38.8
Oil tanker(150,000 GT)	Loss of life or personal injury	113.4	171.3
	Other types of loss or damage	56.7	85.6

Related observations

The above changes do not affect any rights to limit liability in regard to individual claims of any particular type, such as the Hague-Visby Rules for cargo claims, Athens Convention for passenger claims, or CLC92 concerning claims for oil pollution from tankers.

It should also be noted that the change in liability exposure is covered by a Member's regular P&I cover, which responds to legal liability arising under international maritime conventions, and the laws of states party to such conventions.

Conclusion

Members and their professional advisors should take note of the increased limits of liability as set out above and, where necessary or appropriate, consider the effect in potential exposure terms for vessels in their fleets taking into account their respective sizes and trading patterns.

If any Member has any questions in regard to the above, or generally, your Managers, as always, would be pleased to respond.

Yours faithfully,



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