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## 1 Recycling of ships

The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, was adopted at a diplomatic conference held in Hong Kong, China, from 11 to 15 May 2009. It is aimed at ensuring that



ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risk to human health and safety or to the environment.

The new Convention intends to address all the issues around ship recycling, including the fact that ships sold for scrapping may contain environmentally hazardous substances. It will address concerns raised about the working and environmental conditions at many of the world's ship recycling locations.

4 Ships to be sent for recycling will be required to carry an inventory of hazardous materials. An appendix to the Convention will provide a list of hazardous materials the installation or use of which is prohibited or restricted in shipyards, ship repair yards, and ships of Parties to the Convention. Ships will be required to have an initial survey to verify the inventory of hazardous materials, additional surveys during the life of the ship, and a final survey prior to recycling.

Ship recycling yards will be required to provide a "Ship Recycling Plan", to specify the manner in which each ship will be recycled, depending on its particulars and its inventory.

The Convention will enter into force after 15 States, representing 40 per cent of world merchant shipping by gross tonnage, have signed it without reservation.

*More information on [www.imo.org/environment/mainframe.asp?topic\\_id=818](http://www.imo.org/environment/mainframe.asp?topic_id=818)*

## La Police Française d'Assurance Maritime sur Facultés évolue

Les assureurs français ont décidé de faire évoluer la Police Française d'Assurance Maritime sur Facultés – Garanties « Tous risques » et « F.A.P. Sauf... ».

Ces modifications, qui prennent effet le 1er juillet 2009, portent principalement sur la durée de la garantie qui constitue une des clauses essentielles de la police. Elles ont pour objet d'adapter celle-ci aux pratiques et usages actuels des assurés, tout en apportant clarté et sécurité juridique.

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## Assurance / Insurance

### La Police Française d'Assurance Maritime sur Facultés (marchandises) évolue

#### Extension de la clause « magasin à magasin »

Le point central de la révision concerne l'article 8 des garanties « Tous risques » et « FAP Sauf ». Cet article, dans lequel figure la clause dite « de magasin à magasin », définit la période pendant laquelle les risques sont couverts. Dans l'ancien texte, la période assurée coïncidait exactement avec l'opération de transport elle-même.

Désormais la couverture commence dès lors que les marchandises sont déplacées dans les magasins au point extrême de départ du voyage assuré pour être immédiatement chargées sur le véhicule de transport. L'assurance cesse au moment de leur déchargement du véhicule de transport, lors de leur mise à terre dans les magasins du destinataire au lieu de destination finale.

L'innovation principale réside en ce que la marchandise est garantie avant qu'elle ne soit prise en charge par un professionnel du transport, autrement dit dès l'instant où elle est déplacée dans les magasins pour son chargement immédiat dans le véhicule de transport. S'agissant de la fin de la garantie, la modification réside dans la précision apportée : déchargement et mise à terre. L'aspect matériel et physique de l'appréhension de la marchandise a été privilégié ; la remise effective de la marchandise au destinataire correspond donc à la fin du déchargement. Ainsi, la police couvre tous les événements entrant dans le champ de la garantie et pouvant survenir pendant les opérations de chargement, entendues au sens large, et celles accomplies lors du déchargement.

#### Garantie étendue aux risques de chargement et de déchargement même s'ils sont effectués par l'assuré

L'extension apportée à la clause « magasin à magasin » permet dorénavant de couvrir intégralement le chargement et le déchargement qu'ils soient opérés par un professionnel du transport ou par l'assuré lui-même.

Cette précision apparaît désormais dans la police « Tous risques ». Celle-ci indique que les dommages et pertes matériels subis par les marchandises sont garantis, y compris lorsque ces dommages et pertes résultent du chargement ou du déchargement effectué par l'assuré ou le bénéficiaire de l'assurance.

Source: FFSA - 2 juillet 2009

### Marine costs remain modest as Lloyd's rates up across all lines

In its latest quarterly review, the Lloyd's private investor advisor found that marine increases remain modest compared with the cost of other lines such as reinsurance. Marine, along with other lines such as aviation, has seen a small increase in rates so far this year, with the drop in world trade expected to place only marginal upward pressure on prices.

Despite the relatively small increase in insurance prices for marine cover, Hampden Agencies added that the outlook for underwriters in the segment remains difficult. The Lloyd's specialist highlighted the insurance implications of the downturn in the global economy, and, in the marine markets, the lay-up of ships and the reduction in hull values.

"There is also a concern that as more of these vessels are laid up, more hull and machinery claims will be made which do not normally come to light when ships are being used," it added.

"The difficulties in world trade and the drop in values have not been offset by any significant reduction in the number of insurers prepared to underwrite marine business."

This willingness to open and expand marine books in the London market comes as a number of Scandinavian companies have stopped trading or scaled back their activities in 2008.

As a result of this expansion the market is not expected to see any significant movement during 2009, Hampden researchers said.

The review also noted there has been only small rate rises for hull cover, particularly for ocean tonnage.

Cargo and specie have also seen restricted price movement compared with other lines at Lloyd's.

"The marine liability market takes its lead from the International Group, which occurred in February, and rate increases of approximately up to 10% are being seen, with offshore liability moving more strongly."

## Transport Maritime / Carriage of goods by Sea

### Idle Box Fleet Heading for 2 Million TEUs



In July the idled fleet had fallen to 1.2 million TEUs from a peak of 1.42 million TEUs at the end of March.

But according to Alphaliner, a Paris-based consultant, this will provide only temporary respite for ocean carriers and charter ship owners, because the current reduction in idle capacity is a result of service re-activations for the summer peak [shipping] season, as well as increased scrapping of older tonnage.

The jobless fleet will swell after the peak season, as shipyards step up deliveries of ever larger vessels. Shipyards delivered 150 fully cellular ships of 622,000 TEUs in the first six months of 2009 and will add a further 880,000 TEUs in the second half. Shipping lines are stepping up sales of older ships for scrap in a bid to remove surplus tonnage, and also have persuaded shipyards to delay deliveries of dozen of containerships, but yards have resisted calls for cancellations.

### Nouvelle Convention régissant le Transport Maritime: Les Règles de Rotterdam

Cette nouvelle convention internationale régissant le transport maritime de marchandises (en chargement complet ou partiel) a été négociée au sein de la United Nations Commission on International Trade Law (UNCITRAL) entre 2002 et 2008. Le texte sera proposé à la ratification par les différents Etats à l'occasion d'une cérémonie qui se tiendra à Rotterdam le 23 septembre 2009, d'où son appellation de « Règles de Rotterdam ».

Les Règles de Rotterdam prévoient un système de responsabilité assez équilibré, qui prend en compte à la fois les intérêts des transporteurs maritimes et ceux des chargeurs, modernise le système actuel de responsabilité, comble les lacunes existantes, et régit le transport multimodal incluant une phase de transport maritime.

L'European Community Shipowners' Associations (ESCA) soutient pleinement les Règles de Rotterdam, car elles apporteront une nécessaire sûreté et uniformité juridique quant à la responsabilité du transporteur maritime à l'échelon international.

Près de 90% du commerce mondial est transporté par voie maritime sur près de 50 000 navires de commerce. Le transport maritime nécessite donc des règles internationales comme celles de Rotterdam afin de faciliter le commerce international.

### We are at serious risk of a double dip recession, says S&P chief analyst

Jean-Michel Six, European chief economist at Standard & Poor's, notes we are in a "W" shaped recession.

Jean-Michel Six, European chief economist at ratings agency Standard & Poor's, told delegates at S&P's 4th annual European insurance symposium in Munich on 26 June 2009 to expect short lived economic recovery in early 2010 with a high risk of a second pull back, creating a "W" shaped recession, due to "the bond bubble" bursting, causing interest rates to shoot up and kill any recovery in capital spending.

While Mr. Six noted that the worst of the recession may now be behind us, we should be prepared for an extended period of below trend growth around the world.

Mr. Six continued by claiming that banks are seeing the shoring up of established markets as their first priority at the expense of emerging markets. He added that these markets may, therefore, feel the bite more keenly as the contraction of credit supply effects their ability to bounce back.

Source: *Reinsurance* - 26 June 2009

### Ken Explorer



Source: *Journal of Commerce*, 15 July 2009

## Update on Consumer Price Index adjustment of COFR guaranty limits

According to the National Pollution Funds Center (NPFC) arm of the United States Coast Guard (USCG), a further increase in liability limits under Oil Pollution Act 1990 is imminent.

1. The new limits are applicable to the Operator immediately as from the implementation date of 31 July, 2009
2. The *evidence of responsibility* required under OPA90, in the form of the SIGCo COFR guaranty will retain the existing limits (pre-CPI adjustment) until the expiry of the 90 day term mentioned above, ie. 29th October, 2009. Any announcement that operators may have already received advising that the Guarantors' limits will increase on 31 July along with Operators' limits is incorrect per the NPFC.

Table showing changes to OPA90 vessel limits of liability  
Effective 31st July 2009

If the vessel is a	Previous liability limit – the greater of	Amended liability limit – the greater of
Oil cargo tank vessel greater than 3,000GT with a single hull, double sides only, or double bottom only	\$3,000 per GT or 22,000,000	\$3,200 per GT or 23,496,000
Tank vessel greater than 3,000GT with a double hull	\$1,900 per GT or 16,000,000	\$2,000 per GT or 17,088,000
Oil cargo tank vessel less than or equal to 3,000GT with a single hull, double sides or double bottom only	\$3,000 per GT or \$6,000,000	\$3,200 per GT or \$6,408,000
Tank vessel less than or equal to 3,000GT with a double hull	\$1,900 per GT or \$4,000,000	\$2,000 per GT or \$4,272,000
Any vessel other than a tank vessel	\$950 per GT or \$800,000	\$1,000 per GT or \$854,400

## Panama Canal project goes on

Panama Officials will soon award the principal contract for the \$5.25 billion expansion of the landmark Panama Canal, a project that will probably alter global shipping patterns and cement this Central American nation's place as a centre of global logistics.

The construction of the two new locks — one at the waterway's Caribbean entrance, the other on the Pacific Ocean — will cost \$3 billion or more, take five years to complete and require an army of 5,000 construction workers.

A new 4-mile access channel on the Pacific side is already 85 percent excavated. The new segment will be much deeper than the existing canal, allowing passage of quarter-mile-long ships carrying 14,000 cargo containers, compared with maximum 4,500-container ships that now transit the 50-mile waterway.

The canal authority maintains the expanded canal will make Panama an even more important transit hub by attracting a bigger share of Asian container freight destined for the eastern U.S. But global shipping companies are wary of the rising tolls the canal is charging to fund the expansion.

Source: *Houston Chronicle*, 29 June 2009

