



International Oil Pollution  
Compensation Funds

<b>Agenda Item 3</b>	IOPC/NOV23/3/13	
<b>Date</b>	18 October 2023	
<b>Original</b>	English	
<b>1992 Fund Assembly</b>	92A28	
<b>1992 Fund Executive Committee</b>	92EC81	●
<b>Supplementary Fund Assembly</b>	SA20	

## INCIDENTS INVOLVING THE IOPC FUNDS—1992 FUND

### PRINCESS EMPRESS

#### Note by the Secretariat

**Objective of document:** To report on new developments in the *Princess Empress* incident.

**Summary:** On 28 February 2023, the Philippine-flagged *Princess Empress* (508 GT) sank in rough seas off the coast of Naujan, Oriental Mindoro, the Philippines, whilst carrying 800 000 litres of fuel oil as cargo. Subsequently, an oil spill was detected around the location of the wreck which extended to other areas, causing pollution damage.

The ship is insured with the Shipowners' Mutual Protection and Indemnity Association (Luxembourg) (Shipowners' P&I Club), which is part of the International Group of P&I Associations (International Group). The limitation amount applicable to the *Princess Empress* in accordance with the 1992 Civil Liability Convention (1992 CLC) is SDR 4.51 million, but the owner of the *Princess Empress* is a party to the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) 2006 (as amended 2017)<sup><1></sup>. Under STOPIA 2006, the 1992 Fund has legally enforceable rights of indemnification from the shipowner of the difference between the limitation amount applicable to the tanker under the 1992 CLC and the total amount of admissible claims up to SDR 20 million.

The 1992 Fund and the Shipowners' P&I Club have opened a central Claims Submission Office in Calapan, Oriental Mindoro and set up a number of temporary collection centres in different areas, some of which are not easily reachable.

**Recent developments:** Claims related to this incident have exceeded the limit of liability of the shipowner under the 1992 CLC. Although the 1992 Fund started paying compensation when the 1992 CLC limit was reached, the shipowner's insurer has reimbursed the 1992 Fund for the amounts paid in compensation, up to the STOPIA 2006 limit of SDR 20 million. However, the STOPIA 2006 limit has now also been reached.

As at 6 October 2023, some 35 576 claims had been received, totalling approximately PHP 1.4 million, USD 26.4 million and EUR 2 710 587. The total amount paid so far in compensation for this incident is PHP 42.5 million, USD 24.8 million and EUR 2.6 million.

The operations to remove the oil remaining in the wreck were finalised in June 2023. Approximately 88 000 litres of oil and oily water mixture were recovered from the wreck.

The clean-up operations have been officially finalised.

**Relevant documents:** The online *Princess Empress* incident report can be found via the Incidents section of the IOPC Funds' website.

**Action to be taken:** 1992 Fund Executive Committee

Information to be noted.

## 1 Summary of incident

Ship	<i>Princess Empress</i>
Date of incident	28.02.2023
Place of incident	Oriental Mindoro, the Philippines
Cause of incident	Engine failure
Quantity of oil spilled	Unknown
Area affected	Oriental Mindoro, Western Visaya
Flag State of ship	The Philippines
Gross tonnage	508 GT
P&I insurer	Shipowners' P&I Club
CLC limit	<b>SDR 4.51 million or PHP 334.6 million</b> (USD 6 million) <sup>&lt;2&gt;</sup>
STOPIA/TOPIA applicable	STOPIA 2006 applies up to SDR 20 million or PHP 1 483.9 million (USD 26.9 million)
CLC + Fund limit	<b>SDR 203 million or PHP 15 062.1 million</b> (USD 272.9 million)

## 2 Incident

On 28 February 2023 whilst on voyage to Iloilo from Limay, Bataan, the Philippine-flagged *Princess Empress* (508 GT) sank in rough seas off the coast of Naujan, Oriental Mindoro, the Philippines, whilst carrying 800 000 litres of fuel oil as cargo. Subsequently, an oil spill was detected around the location of the wreck which extended to other areas, causing pollution damage.

## 3 Impact of the spill

- 3.1 The pollution damage resulting from the *Princess Empress* incident affected the coasts of Oriental Mindoro to varying degrees. The oil also travelled to the Caluya archipelago, which is situated south of Mindoro Island, affecting the islands of Semirara and Liwagao.
- 3.2 A high proportion of the population in the affected area rely on small-scale fisheries-related activities, including subsistence fishing.

<2> The exchange rate used in this document as at 30 June 2023 is USD 1 = PHP 55.1995.

- 3.3 Some mangrove areas have been affected by the pollution, particularly on Semirara island.
- 3.4 There are indications that there may also have been an impact on the tourism sector, since some of the affected areas have a number of tourism-dependent businesses.

#### **4 Response operations**

- 4.1 The Philippine Coast Guard (PCG) coordinated with the Department of Environment and Natural Resources (DENR), the local government units (LGU) and contractors engaged by the shipowner for the response to the spill.
- 4.2 The clean-up operations on shore have relied on workers from the affected area as part of a 'cash for work' programme.
- 4.3 Clean-up and response operations have been officially finalised. Detailed information about the impact of the incident and the clean-up operations can be found at the following dedicated website set up by the insurer of the ship, the Shipowners' Mutual Protection and Indemnity Association (Luxembourg) (Shipowners' P&I Club): [www.princessempressinformationcentre.com](http://www.princessempressinformationcentre.com).
- 4.4 Fishing and swimming bans were imposed in the areas affected by the pollution. All fishing and swimming bans have since been lifted.
- 4.5 Operations to remove the oil from the wreck
  - 4.5.1 The vessel sank at approximately 400 metres depth. The shipowner engaged a salvor to survey the sunken wreck to determine its position and condition. The survey, which required the use of a remotely operated vehicle, found that the wreck had suffered substantial structural damage and that oil was leaking from several points of the wreck. The continuous spill led to oil surfacing and reaching the coasts of the affected area in Oriental Mindoro in variable amounts.
  - 4.5.2 Since the above-mentioned salvor did not have the capability to remove the remaining oil from the wreck, a temporary solution was used. This consisted of placing bags over the holes through which the highest quantity of oil was being spilled. At least one of those bags was reported to be full of oil which was spilling from the wreck.
  - 4.5.3 The experts engaged by the Shipowners' P&I Club and the 1992 Fund carried out an assessment of the pollution risks posed by the wreck. The conclusion of that assessment reinforced the decision to remove the oil from the wreck. The sensitivity of the environment and economic activities in the potentially affected areas were taken into consideration. In addition, it was noted that the prevailing pattern of the winds in the area of the sinking change during the summer period, giving rise to the possibility of new areas being affected by oil pollution.
  - 4.5.4 In view of the above, the shipowner engaged a salvor to remove the oil from the wreck. The oil removal operations were finalised in June 2023. Approximately 88 000 litres of oil and oily water mixture were recovered from the wreck.
- 4.6 Meetings with the Shipowners' P&I Club
  - 4.6.1 The Shipowners' P&I Club and the Secretariat have held regular virtual meetings to discuss the handling of claims and other issues relating to the incident.

4.6.2 In addition to the above, several in-person meetings have taken place at the offices of the Shipowners' P&I Club in Singapore. The most recent meeting was held in June 2023 and was attended by the Deputy Director/Head of the Claims Department of the IOPC Funds and another member of the Claims Department.

#### 4.7 Visits by the Secretariat to the Philippines

4.7.1 The Director visited the Philippines in April 2023. The Deputy Director/Head of the Claims Department and a Claims Manager also visited the Philippines in June 2023. During this visit the members of the Secretariat met with the staff of the Claims Submission Office and visited part of the affected area and the claims collection centres in Oriental Mindoro which were in operation at the time. This provided the opportunity to talk to the claims processors in the collection centres and some of the claimants. This gave the Secretariat firsthand information about the process of submission of claims from claimants, as well as a better understanding of the characteristics of the area where a significant number of claimants live and work. During that visit the members of the Secretariat also met with the PCG and local authorities.

4.7.2 A claims workshop is being organised by the PCG, ITOPIF and the IOPC Funds. The workshop, scheduled for November 2023, aims to provide the Philippine Government agencies involved in the response to the spill with an understanding of the 1992 Fund's claims admissibility criteria and to facilitate the submission of claims.

### 5 Applicability of the Conventions

5.1 The Philippines is Party to both the 1992 Civil Liability and Fund Conventions. The 1992 Fund has therefore been working closely with the shipowner's insurer and the Government of the Philippines since the incident occurred on 28 February 2023.

#### 5.2 Details of the shipowner's insurance and applicability of STOPIA 2006

5.2.1 The ship is insured with Shipowners' P&I Club, which is part of the International Group of P&I Associations (International Group). The limitation amount applicable to the *Princess Empress* in accordance with the 1992 CLC is SDR 4.51 million, but the owner of the *Princess Empress* is a party to STOPIA 2006 whereby the limitation amount applicable to the tanker is increased, on a voluntary basis, to SDR 20 million. The 1992 Fund, however, continues to be liable to compensate claimants if, and to the extent that, the total amount of admissible claims exceeds the limitation amount applicable to the *Princess Empress* under the 1992 CLC. Under STOPIA 2006, the 1992 Fund has legally enforceable rights of indemnification from the shipowner of the difference between the limitation amount applicable to the tanker under the 1992 CLC and the total amount of admissible claims up to SDR 20 million.

5.2.2 Claims related to this incident have exceeded the limit of liability of the shipowner under the 1992 CLC. Although the 1992 Fund started paying compensation when the 1992 CLC limit was reached, the shipowner's insurer has reimbursed the 1992 Fund for the amounts paid in compensation, up to the STOPIA 2006 limit of SDR 20 million. However, the STOPIA 2006 limit has also been reached.

## 6 Investigations into the cause of the incident

According to preliminary information, the *Princess Empress* was refurbished in 2022. There are reports of at least five separate investigations into the incident being conducted by the PCG; the Maritime Authority of the Philippines; the Department of Environment and Natural Resources; the Department of Justice, through the National Bureau of Investigation; and the House of Representatives. These investigations appear to be directed principally at determining the cause and extent of the spill and at ascribing fault, including potential criminal responsibility, for the incident.

## 7 Claims for compensation

### 7.1 Claims Submission Office

7.1.1 The 1992 Fund and the Shipowners' P&I Club opened a Claims Submission Office (CSO) to facilitate the submission of claims for compensation resulting from the incident. This first central office was opened on 31 March 2023 and it is located in Calapan, Oriental Mindoro.

7.1.2 Given the characteristics and extent of the affected area, in order to give an opportunity to claimants to submit claims, it was considered necessary to open temporary claims submission offices (collection centres) in different areas, some of which are not easily reachable.

7.1.3 The claims submission process involves staff of the CSO travelling to the different affected areas to conduct a short, one-to-one interview with individual claimants, mostly fisherfolk, to help them submit their claim. The main claims submission operation for individual claimants has concluded, but the Claims Office in Calapan remains open for claimants to submit claims. Efforts are now being made to compensate claimants in the fisheries sector. In the same way as with the collection of claims, a process is in place to reach legitimate claimants to provide compensation on the basis of a provisional assessment.

### 7.2 Claims situation

As at 6 October 2023, some 35 576 claims had been received, totalling approximately PHP 1.4 million, USD 26.4 million and EUR 2 710 587. The total amount paid so far in compensation for this incident is PHP 42.5 million, USD 24.8 million and EUR 2.6 million. The following table gives a general overview of the claims situation as at 6 October 2023:

Claim Category	Claims						Paid					
	No.	Amount (PHP)	No.	Amount (USD)	No.	Amount (EUR)	No.	Amount (PHP)	No.	Amount (USD)	No.	Amount (EUR)
Clean-up and preventive measures	3	12 308 717	35	26 365 951	9	2 710 587	0	0	34	24 825 148	8	2 583 977
Fisheries	33 015	1 278 658 492	0	0	0	0	3 103	42 535 179	0	0	0	0
Property damage	3	308 900	0	0	0	0	0	0	0	0	0	0
Tourism	2 511	79 013 898										
<b>Total</b>	<b>35 532</b>	<b>1 370 290 007</b> (USD 24.8 million)	<b>35</b>	<b>26 365 951</b>	<b>9</b>	<b>2 710 587</b>	<b>1 662</b>	<b>42 535 179</b>	<b>34</b>	<b>24 825 148</b>	<b>8</b>	<b>2 583 977</b>

NOTE: In addition to the above, one claim in relation to the survey of the wreck was submitted by a clean-up contractor totalling £64 510 and settled in that amount.

### 7.3 Clean-up and preventive measures

- 7.3.1 The 1992 Fund has examined the claims submitted by the shipowner regarding the costs incurred in respect of the various contractors engaged to carry out response operations at sea and on shore, including the survey of the wreck and the operation to remove the remaining oil from the wreck. Following an assessment of the claims, the total paid amount, including the amounts paid by the shipowner's insurer, is USD 24.8 million, EUR 2.6 million and £64 510.
- 7.3.2 Included in the above is the cost of the operations to remove the oil from the wreck, totalling USD 11.7 million. The related claim was assessed and settled for the claimed amount.

### 7.4 Fisheries

- 7.4.1 The CSO has so far registered 33 015 claims in the fisheries sector, with a total claimed of PHP 1 278.6 million (USD 23.2 million). The majority of these claims have little supporting documentation.
- 7.4.2 The Shipowners' P&I Club and the 1992 Fund, through their international experts, have engaged a team of local university fisheries experts to carry out a study of the impact of the spill on the fisheries sector in the affected areas, in order to assess the claims.
- 7.4.3 Whilst the study and the subsequent assessment is being finalised, a provisional assessment has been carried out in order to be able to make provisional payments to claimants in the fisheries sector. On the basis of the provisional assessment, as at 6 October 2023 a total of PHP 42.5 million had been paid to 3 103 fisherfolk.
- 7.4.4 In addition to the high volume of claims in the fisheries sector, the process has been complicated by the fact that most claimants in that sector do not have bank accounts. This circumstance has forced the Secretariat to find alternative ways of payment, eventually using an internationally renowned remittance company, to enable claimants to receive the compensation owed to them. The process of provisional payments continues.

### 7.5 Tourism

The CSO has so far received 2 511 claims in the tourism sector totalling PHP 79 013 898 (USD 1.4 million). Most of these claims lack the minimum supporting documentation to allow for an assessment of the claims.

### 7.6 Environmental damage

The Shipowners' P&I Club and the 1992 Fund have engaged a team of well-respected Philippine university experts, in coordination with other experts engaged by the Shipowners' P&I Club and the 1992 Fund, to carry out a rapid environmental impact assessment. When the assessment is completed, the recommendations will be shared with the relevant government agencies in order to avoid duplication of efforts and to ensure that any potential interventions are based on sound scientific considerations.

**8 Interim payments**

- 8.1 At its May 2023 session, the 1992 Fund Executive Committee authorised the Director to sign an agreement, including the terms of the Agreement on Standard Terms relating to Interim Payments (2016), with the Shipowners' P&I Club in respect of the *Princess Empress* incident, to be applied retrospectively to the amounts agreed by the 1992 Fund and paid by the Club prior to the signature of the agreement (document IOPC/MAY23/9/1, paragraph 3.8.28).
- 8.2 The agreement on interim payments in respect of the *Princess Empress* incident was signed on 25 May 2023.

**9 Director's considerations**

- 9.1 Claims for pollution damage have surpassed the 1992 CLC limit applicable to the *Princess Empress*. The 1992 Fund has therefore commenced making payments. The Shipowners' P&I Club reimbursed the 1992 Fund for the compensation payments made by the 1992 Fund until the STOPIA 2006 limit was reached. This is the first incident for which the STOPIA 2006 limit has been reached.
- 9.2 The Director is grateful for the help provided by the Philippine Government, and in particular the PCG for their assistance during the visits by members of the IOPC Funds' Secretariat to the Philippines. The Director is also grateful to the local authorities in the affected areas for their help, especially regarding the opening of temporary local claims submission offices.
- 9.3 The Director is equally grateful for the excellent cooperation with the Shipowners' P&I Club and their proactive approach to the incident. This incident shows how well the international regime can operate when there is good cooperation between the shipowner's insurer and the IOPC Funds. This facilitates the joint engagement of the right experts, assessment of claims and the general compensation process.

**10 Action to be taken**

1992 Fund Executive Committee

The 1992 Fund Executive Committee is invited to take note of the information contained in this document.

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