



International Oil Pollution  
Compensation Funds

<b>Agenda Item 3</b>	IOPC/APR24/3/5	
<b>Date</b>	3 April 2024	
<b>Original</b>	English	
<b>1992 Fund Assembly</b>	92AES28	
<b>1992 Fund Executive Committee</b>	92EC82	●
<b>Supplementary Fund Assembly</b>	SAES12	

## INCIDENTS INVOLVING THE IOPC FUNDS—1992 FUND

### PRINCESS EMPRESS

#### Note by the Secretariat

<b>Objective of document:</b>	To inform the 1992 Fund Executive Committee of the latest developments regarding this incident.
<b>Summary:</b>	<p>On 28 February 2023, the Philippine-flagged <i>Princess Empress</i> (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.</p> <p>The ship is insured with the Shipowners' Mutual Protection and Indemnity Association (Luxembourg) (Shipowners' P&amp;I Club), which is part of the International Group of P&amp;I Associations (International Group). The limitation amount applicable to the <i>Princess Empress</i> in accordance with the 1992 Civil Liability Convention (1992 CLC) is SDR 4.51 million, but the owner of the <i>Princess Empress</i> is a party to the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) 2006 (as amended 2017)<sup>&lt;1&gt;</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.</p> <p>The 1992 Fund and the Shipowners' P&amp;I Club have opened a central Claims Submission Office (CSO) in Calapan, Oriental Mindoro and set up a number of temporary collection centres in different areas, some of which are not easily reachable.</p> <p>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.</p>
<b>Recent developments:</b>	As at 3 April 2024, the CSO has registered a total of 38 675 claims, mainly in the fisheries sector. Whilst the assessment of the losses suffered in the fisheries sector is being finalised, provisional payments based on a preliminary assessment, have been made to 8 825 fishers for a total of PHP 117.7 million (see section 8 for more details regarding the claims situation for different categories of claims).

<1>

From this point forward, references to 'STOPIA 2006' should be taken to read 'STOPIA 2006 (as amended 2017)'.

<b>Relevant documents:</b>	The online <a href="#">Princess Empress incident report</a> can be found via the Incidents section of the IOPC Funds' website.
<b>Action to be taken:</b>	<u>1992 Fund Executive Committee</u>
	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	SDR 4.51 million or PHP 334.6 million <sup>&lt;2&gt;</sup> (£5 million) <sup>&lt;3&gt;</sup>
STOPIA/TOPIA applicable	STOPIA 2006 applies up to SDR 20 million or PHP 1 483.9 million (£21 million)
CLC + Fund limit	SDR 203 million or PHP 15 062.1 million (£213 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.
- 3.3 Several of the areas affected by the pollution have tourism-dependent businesses.
- 3.4 A number of mangrove areas have been affected by the pollution, particularly on Semirara island.

## 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.

<2> Based on the exchange rate applicable when the 1992 Fund Executive Committee authorised payment, 25 May 2023, SDR 1 = PHP 74.197700.

<3> The exchange rate used in this document as at 31 December 2023 is £1 = PHP 70.5918.

- 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 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.

## **5 Meetings with the Shipowners' P&I Club**

- 5.1 The Shipowners' P&I Club and the IOPC Funds' Secretariat have held regular virtual meetings to discuss the handling of claims and other issues relating to the incident.
- 5.2 In addition to the above, several in-person meetings have taken place at the offices of the Shipowners' P&I Club in Singapore.

## **6 Visits by the IOPC Funds' Secretariat to the Philippines**

- 6.1 The Director, the Deputy Director/Head of the Claims Department and a Claims Manager have visited the Philippines during 2023, meeting with staff of the Claims Submissions Office (CSO) and visiting part of the affected area and claims collection centres in Oriental Mindoro. Meetings were held also with the PCG and local authorities.
- 6.2 The latest visit to the Philippines, by the Deputy Director/Head of the Claims Department and a Claims Manager, took place in November 2023, with the occasion of a claims workshop, organised by the PCG, ITOPF and the IOPC Funds in Manila, in order 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.

## **7 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.

## **8 Claims for compensation**

### **8.1 Claims Submission Office**

- 8.1.1 The 1992 Fund and the Shipowners' P&I Club opened a 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.
- 8.1.2 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.

8.1.3 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 fishers, to help them submit their claim. The main claims submission operation for individual claimants has concluded, but the CSO in Calapan remains open for claimants to submit claims.

8.1.4 Efforts have 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.

## 8.2 Claims situation

8.2.1 As at 4 April 2024, the CSO has registered a total of 38 675 claims, mainly in the fisheries sector.

8.2.2 The table below provides a breakdown of the claims received as at 4 April 2024, by category and by currency:

Claim Category Name	Claims (PHP)		Claims (USD)		Claims (EUR)		Claims (GBP)	
	No	Amount (PHP)	No	Amount (USD)	No	Amount (EUR)	No	Amount (GBP)
Clean-up and preventive measures	6	15 678 827	37	26 494 071	9	2 710 587	1	64 510
Fisheries	36 062	1 367 062 700						
Property damage	3	308 900						
Tourism	2 557	90 662 265						
<b>Totals</b>	<b>38 628</b>	<b>1 473 712 692</b> (GBP 21 million)	<b>37</b>	<b>26 494 071</b>	<b>9</b>	<b>2 710 587</b>	<b>1</b>	<b>64 510</b>

The table below provides a breakdown of the payments made as at 4 April 2024, by category and by currency:

Claim Category Name	Paid (PHP)		Paid (USD)		Paid (EUR)		Paid (GBP)	
	No	Amount (PHP)	No	Amount (USD)	No	Amount (EUR)	No	Amount (GBP)
Clean-up and preventive measures	1	526 462	37	26 095 397	9	2 710 587	1	64 510
Fisheries	8 825	116 969 529						
Property damage	0	0						
Tourism	3	171 820						
<b>Totals</b>	<b>8 829</b>	<b>117 667 811</b>	<b>37</b>	<b>26 095 397</b>	<b>9</b>	<b>2 710 587</b>	<b>1</b>	<b>64 510</b>

## 8.3 Clean-up and preventive measures

8.3.1 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.

8.3.2 Following an assessment of the claims, the total paid amount, including the amounts paid by the shipowner's insurer, is PHP 117.7 million, USD 26 million, EUR 2.7 million and £64 510.

8.3.3 Included in the clean-up and preventative measures payment 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.

#### 8.4 Fisheries

8.4.1 The CSO has so far registered 36 062 claims in the fisheries sector, with a total claimed of PHP 1 367 million (£19 million). The majority of these claims have little supporting documentation.

8.4.2 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.

8.4.3 Whilst the study and the subsequent assessment is being finalised, a provisional assessment was carried out in order to be able to make provisional payments to claimants in the fisheries sector. On the basis of the provisional assessment, a total of PHP 117 million has been paid to 8 825 fishers.

8.4.4 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.

8.4.5 Once the study and the subsequent assessment is finalised, it will be possible to determine the total losses suffered in the fisheries sector in order to continue with the payment process in this sector.

#### 8.5 Tourism

The CSO has so far received 2 557 claims in the tourism sector, totalling PHP 90.7 million (£1.3 million). Most of these claims were lacking the minimum supporting documentation to allow for an assessment of the claims and it has been necessary for the expert engaged by the 1992 Fund and the Shipowners' P&I Club to visit the affected area several times in order to find ways to assess the claims. So far, three claims have been paid a total of PHP 171 820 and nine claims have been rejected due to the claimants not having proved to have suffered losses due to the pollution or for lack of a sufficiently close link of causation.

### 9 Director's considerations

9.1 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 and the facilitation of the payment process in the fisheries sector.

9.2 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.

---