



International Oil Pollution
Compensation Funds

Agenda Item 3	IOPC/NOV24/3/13	
Date	11 October 2024	
Original	English	
1992 Fund Assembly	92A29	
1992 Fund Executive Committee	92EC83	●
Supplementary Fund Assembly	SA21	

INCIDENTS INVOLVING THE IOPC FUNDS—1992 FUND

PRINCESS EMPRESS

Note by the Secretariat

Objective of document:	To inform the 1992 Fund Executive Committee of the latest developments regarding this incident.
Summary:	<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&I Club), which is part of the International Group of P&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)^{<1>}. 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&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>
Recent developments:	As at 26 September 2024, the CSO has registered a total of 39 436 claims, mainly in the fisheries sector, with a total claimed amount of PHP 1 869.5 million, USD 26.5 million, €2.7 million and £64 510. The claims situation is detailed in section 6.2 of this document.

<1>

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

In June 2024, the Director and a Claims Manager visited the Philippines, meeting with government agencies and visiting the CSO in Mindoro.

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	SDR 4.51 million (PHP 334.6 million) ^{<2>}
STOPIA/TOPIA applicable	STOPIA 2006 applies up to SDR 20 million (PHP 1 483.9 million) ^{<2>}
CLC + Fund limit	SDR 203 million (PHP 15 062.1 million) ^{<2>}

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 the island of Semirara.

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

4 Visits by the IOPC Funds' Secretariat to the Philippines

- 4.1 The Director, the Deputy Director/Head of the Claims Department and a Claims Manager 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 also held with the Philippine Coast Guard (PCG) and local authorities. In November 2023 the Deputy Director/Head of the Claims Department and a Claims Manager participated in 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.
- 4.2 In the most recent visit to the Philippines in June 2024, the Director and a Claims Manager visited Manila in order to meet with government agencies that had been involved in the response to the incident and provide guidance on the submission of claims. They also travelled to Mindoro to meet with CSO staff and observed some of the payment processing activities, in particular at two barangays where the distribution of payments to claimants was being carried out.

5 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.

6 Claims for compensation

6.1 Claims submission office

- 6.1.1 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.
- 6.1.2 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.
- 6.1.3 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.
- 6.1.4 Efforts have been made to compensate claimants in the fisheries sector. As with the collection of claims, a process is in place to reach legitimate claimants to provide compensation.

6.2 Claims situation

- 6.2.1 As at 26 September 2024, the CSO has registered a total of 39 436 claims, mainly in the fisheries sector, with a total claimed amount of PHP 1 869.5 million, USD 26.5 million, €2.7 million and £64 510.

6.2.2 The table below provides a breakdown of the claims received as at 26 September 2024, by category and by currency:

Claim category	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	8	26 224 929	37	26 494 071	9	2 710 587	1	64 510
Fisheries	36 546	1 725 425 560						
Property damage	3	308 900						
Tourism	2 879	117 514 188						
Total	39 436	1 869 473 578 (£25.2 million) ^{<3>}	37	26 494 071	9	2 710 587	1	64 510

6.2.3 The table below provides a breakdown of the payments made as at 26 September 2024, by category and by currency:

Claim category	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	2	5 599 933	37	26 166 897	9	2 710 587	1	64 510
Fisheries	25 365	617 759 158						
Property damage								
Tourism	11	1 303 592						
Total	25 378	624 662 683	37	26 166 897	9	2 710 587	1	64 510

6.3 Clean-up and preventive measures

6.3.1 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.

6.3.2 Following an assessment of the claims, the total paid amount, including the amounts paid by the shipowner's insurer, is PHP 624.7 million, USD 26.2 million, EUR 2.7 million and £64 510.

6.3.3 Included in the payment for clean-up and preventive measures 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.

^{<3>} Unless otherwise stated, the exchange rate used in this document as at 30 June 2024 is £1 = PHP 74.0873.

6.4 Fisheries

- 6.4.1 As at 26 September 2024 the CSO has registered 36 546 claims in the fisheries sector, with a total claimed of PHP 1 725.4 million (£23.3 million). The majority of these claims have little supporting documentation.
- 6.4.2 The Shipowners' P&I Club and the 1992 Fund, through their international experts, 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.
- 6.4.3 Whilst the study and the subsequent assessment was being finalised, a provisional assessment was carried out in order to be able to make provisional payments to claimants in the fisheries sector. Based on the provisional assessment, a total of PHP 117 million was paid to 8 825 fishers.
- 6.4.4 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.
- 6.4.5 The fisheries study was completed in March 2024 which allowed the assessment of losses in the fishing category. A total of 23 238 claims from fishers were approved with a total amount of some PHP 707 million to be paid, taking into account the provisional payments already made. The payment process for these claims is being carried out in a similar manner to the provisional payments. Given the logistics and the high number of claims, the process is taking several months to complete. As at 26 September 2024, compensation due to be paid to fishers in only two out of 14 municipalities remained outstanding. The payment process for these two municipalities (6 221 claims with owed payments totalling PHP 187.5 million) is scheduled to be completed in October 2024.
- 6.4.6 In addition to the above, the 1992 Fund and the Shipowners' P&I Club are now studying the assessment of claims from 9 030 fish traders.

6.5 Tourism

- 6.5.1 As at 26 September 2024, the CSO has received 2 879 claims in the tourism sector, totalling PHP 117.5 million (£1.6 million). Most of these claims were lacking the minimum supporting documentation to allow for 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.
- 6.5.2 As at 26 September 2024, 26 claims have been approved for a total of PHP 1.9 million, of which 11 claims have been paid a total of PHP 1.3 million. The 1992 Fund is awaiting a reply from the claimants in respect of the remaining approved claims. 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. The 1992 Fund is studying the assessment of 42 further claims. The remaining claims are being assessed.

7 Director's considerations

- 7.1 The Director is grateful to the Government of the Philippines for their assistance during 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.

7.2 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.

8 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.
