



INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
FUND 1992

ASSEMBLY  
9th session  
Agenda Item 33

92FUND/A.9/30  
20 September 2004  
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## OTHER BUSINESS

### INSURANCE COVER FOR STAFF MEMBERS

#### Note by the Director

<b>Summary:</b>	The 1992 Fund's insurance covering staff members in the event of death, personal injury or illness attributable to the performance of official duties no longer covers nuclear, chemical or biological terrorism.
<b>Action to be taken:</b>	Consider whether the 1992 Fund should self-insure these risks if insurance cannot be obtained.

- 1 Under Staff Regulation 26 the Director shall establish a scheme of social security for staff members, including provisions for compensation in the event of illness, accident or death attributable to the performance of official duties on behalf of the 1992 Fund or the 1971 Fund. Staff Rule VIII.3 provides that staff members shall be entitled to compensation in the event of death, injury or illness attributable to the performance of critical duties on behalf of the 1992 Fund, in accordance with conditions to be laid down by the Director.
- 2 The 1992 Fund has insured the staff members' right to compensation in the situations referred to in paragraph 1 above through Willis Ltd, a major insurance broker in London. However, in the light of the increased global risks from terrorism, the insurers have advised that they are unable to provide cover for damage caused or contributed to by an act of terrorism involving the use or release or the threat thereof of any nuclear weapon or device or chemical or biological agent and have introduced an exclusion clause to this effect in the 1992 Fund's policy. The Fund has also been advised by Willis Ltd that such exclusions are now industry policy.
- 3 This issue has been considered within the International Maritime Organization (IMO) which has similar insurance through Willis Ltd containing this new exclusion clause. The issue was brought to the attention of the IMO Council at its 92nd session held in June 2004 (IMO document 92/17(a)/Add.1). In that document it was stated that the impact of this decision by the insurers would be that IMO itself would need to bear the risks of such an eventuality, ie to self-insure these risks, that the Secretariat had raised its concern with Willis Ltd and that further meetings were planned to explore other possibilities, eg whether partial cover might be afforded. It was mentioned that the IMO Secretariat had raised the matter at the UN system level since other UN bodies apparently had found themselves in the same situation and that some UN agencies, which had already self-insured against the risks were not affected by the change. It was also mentioned that the Secretariat of IMO was seeking advice on the terms in which this contingent liability, if

sustained, should be reported in IMO's Final Accounts as a contingent liability and on its possible future funding. The Council took note of the information contained in that document and stated that it looked forward to a further report at its next session (IMO document 92/D, paragraph 17(a)).

- 4 The Director intends to investigate further whether it would be possible to obtain insurance cover for Fund staff members in respect of the events referred to in paragraph 1. However, if no such insurance cover can be purchased, in his view the 1992 Fund would need to bear the risks involved itself, ie to self-insure these risks.
- 5 If the 1992 Fund were to self-insure the above-mentioned risks, the Director will discuss with the External Auditor how the 1992 Fund's potential liability should be dealt with in the Financial Statements.
- 6 **Action to be taken by the Assembly**

The Assembly is invited:

- (a) to take note of the information contained in this document;
  - (b) to decide whether, if insurance cover for the risks in question cannot be obtained, the 1992 Fund should self-insure the risks set out in paragraph 1; and
  - (c) to give the Director such other instructions in respect of the issue dealt with in this document as it may deem appropriate.
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