



INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
FUND 1992

THIRD INTERSESSIONAL  
WORKING GROUP  
Agenda item 2

92FUND/WGR.3/19  
26 January 2004  
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## REVIEW OF THE INTERNATIONAL COMPENSATION REGIME

STUDY OF THE COSTS OF PAST SPILLS IN RELATION TO THE CURRENT AND FUTURE LIMITATION  
AMOUNTS OF THE 1992 CONVENTIONS

### Note by the Director

**Summary:**

The Director was invited by the Working Group to undertake an independent study of the costs of past spills in relation to the current and future limitation amounts of the 1992 Conventions. The P&I Clubs belonging to the International Group of P&I Clubs agreed with a proposal by the Director on the requirements for such a study and agreed to provide data to the 1992 Fund on a confidential basis. In December 2003 the Director received data from the Clubs in respect of some 7 800 incidents that have given rise to claims for compensation for pollution damage. A preliminary review of the raw data has indicated that further analysis is required and for this reason the study cannot be completed until May 2004 at the earliest.

**Action to be taken:**

Information to be noted.

### 1 Introduction

At the 5th meeting of the Working Group in February 2003 the Director was invited to undertake an independent study of the costs of past spills in relation to the current and future limitation amounts of the 1992 Conventions, recognising that the usefulness of such a study would be dependent on obtaining the raw data from the P&I Clubs and the oil industry. The Working Group considered that it was important that the study reflected the costs of past spills and the apportionment of those costs between the shipping and oil industries on the basis of current values and the likely values in the future, taking into account inflation indices for the individual States.

### 2 Progress report

- 2.1 In March 2003 the Director wrote to the Chairman of the Pollution Sub-committee of the International Group of P&I Clubs with an outline proposal for a cost study setting out the required inputs, the methodology to be followed and the outputs. The Director indicated that for the study to be meaningful it would be necessary to include all available costs data from 1978, the year when the 1971 Fund Convention entered into force, to the present and that the data should not be restricted to incidents in Member States. However, the Director stated that data for the United States of America should not be included since the shipowner's liability under the United States

legislation is much higher than under the 1992 Civil Liability Convention. In view of the confidential nature of some of the data relating to spills not involving the IOPC Funds, the Director proposed that the results of the analyses would be presented in graphical form without reference to ship names.

- 2.2 The Chairman of the Pollution Sub-committee agreed to the Director's proposal subject to the issue of confidentiality being respected.
- 2.3 In December 2003 the Director received, via the International Tanker Owners Pollution Federation Ltd (ITOPF), data that had been submitted by all but two of the P&I Clubs belonging to the International Group. Cost data was provided in respect of some 7 800 pollution incidents that had occurred since 1978. A preliminary analysis of the data relating to the 115 incidents in which the IOPC Funds had been involved demonstrated that all the raw data which has been provided will require considerable analysis before it can be used to provide useful statistics, since the Clubs have submitted global figures of payments made which do not, for example, differentiate between payments made under the Civil Liability Conventions, payments made in excess of the Conventions' limits or payments made by way of reimbursements to the Funds. At the request of the Director, the Chairman of the International Group's Pollution Sub-committee has indicated the Clubs' willingness to review the relevant data and has also indicated that this review is currently underway.
- 2.4 In view of the need for further analysis of the data provided by the Clubs, the Director is of the view that the study cannot be completed until May 2004 at the earliest.

**3 Action requested**

The Working Group is invited to take note of the information contained in this document.

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