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Agenda item 26

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SUPPFUND/A.4/20

STOPIA 2006 AND TOPIA 2006

Note by the Director

Summary:

At its October 2007 session, the Assembly noted the information provided on the numbers of ships entered in STOPIA 2006 and TOPIA 2006 and agreed with the Director's recommendation not to re-open these Agreements. The Assembly also welcomed the Director's intention to regularly monitor the situation of STOPIA 2006 and TOPIA 2006 and to report to the governing bodies of the 1992 Fund and the Supplementary Fund at future sessions. This document provides recent information about the number of ships entered and not entered in STOPIA 2006 and TOPIA 2006.

Action to be taken: Information to be noted.

1 Introduction

1.1 At its 12th session, held in October 2007, the Assembly noted the factual information regarding the numbers of ships entered and not entered in the Small Tanker Owners Pollution Indemnification Agreement (STOPIA) 2006 and the Tanker Owners Pollution Indemnification Agreement (TOPIA) 2006 and agreed with the Director's recommendation not to re-open at this stage STOPIA 2006 and TOPIA 2006. The Assembly also welcomed his intention to regularly monitor the situation and to report to the governing bodies of the 1992 Fund and the Supplementary Fund at future sessions (document 92FUND/A.12/28, paragraph 26.12).

1.2 This document provides recent information about the number of ships entered and not entered in STOPIA 2006 and TOPIA 2006.

2 Number of tankers entered in International Group Clubs that are entered in STOPIA 2006 and of those that are not entered in STOPIA 2006

2.1 STOPIA 2006 applies to pollution damage in States in which the 1992 Fund Convention is in force and is a contract between owners of small tankers to increase, on a voluntary basis, the limitation amount applicable to the tanker under the 1992 Civil Liability Convention (1992 CLC).

The concept of 'Relevant Ship' under STOPIA 2006

2.2 STOPIA 2006 provides that all tankers will be considered a 'Relevant Ship' if they are 29 548 tons or less, are entered in one of the P&I Clubs which are members of the International Group of P&I

Clubs (International Group) and are reinsured through the pooling arrangements of the International Group (Clause III (B)).

List of ships entered in STOPIA 2006

- 2.3 The International Group is required to notify the 1992 Fund every six months of the names of all ships entered in each International Group Club which are also entered in STOPIA 2006, in accordance with Article 9D of the Memorandum of Understanding (MOU) between the Funds and the International Group of P&I Clubs regarding the operation of STOPIA 2006 and TOPIA 2006.
- 2.4 In October 2008 the International Group provided to the 1992 Fund a list of ships entered in STOPIA 2006 in the second half of 2008, which contained 5 459 tankers. The number of tankers entered in STOPIA 2006 reported in 2007 was 4 540. Since 2007 there are therefore 919 more small tankers entered in STOPIA 2006.
- 2.5 The International Group also reported to the 1992 Fund that the number of 'Relevant Ships' entered in a P&I Club and not entered in STOPIA 2006 was nil and that the number of 'Relevant Ships' entered in STOPIA 2006 which ceased to be in STOPIA 2006 whilst insured by a P&I Club was also nil.

Situation in respect of coastal tankers

- 2.6 A small number of tankers entered in International Group Clubs are not entered in STOPIA 2006 by virtue of the fact that they are not reinsured through the Group's pooling arrangement and do not therefore have the benefit of insurance cover up to the higher limit provided by this pooling agreement. The Japanese coastal (Naiko) tankers entered in the Japan P&I Club are included in this category.
- 2.7 The situation with regard to the Japanese coastal (Naiko) tankers reported to the Fund in 2007 and the situation now is as follows:

Year	Number of Japanese Coastal Tankers entered in Japan P&I Club	Entered in STOPIA 2006	% entered in STOPIA 2006
2007/2008	609	250	41.1
2008/2009	589	341	57.9

Year	Number of Japanese Coastal Tankers > than 200 GT in Japan P&I Club	Entered in STOPIA 2006	% entered in STOPIA 2006
2007/2008	178	128	71.9
2008/2009	176	163	92.6

- 2.8 As can be seen from the above tables, the Japan P&I Club has achieved a significant increase in the numbers of Japanese coastal tankers now entered in STOPIA 2006, particularly in respect of the ones of more than 200 GT. The Japan P&I Club pursued another campaign during the entire 2007 policy year by taking various measures, such as the distribution of a special circular addressed to the relevant members, direct contact with the organisations concerned with Naiko tanker owners and so on. The Japan P&I Club continues to encourage those relevant vessels still not entered in STOPIA 2006 to do so.
- 2.9 The figures reported in 2007 also indicated that two tankers entered in the Steamship Mutual Underwriting Association (Bermuda) Limited were not entered in STOPIA 2006. This is no longer the case and there are now no tankers that fall into this category other than those entered in the Japan P&I Club referred to above.

Total numbers of ships entered and not entered in STOPIA 2006

- 2.10 In summary, the total number of vessels entered in STOPIA 2006 as at 2 October 2008, and that of vessels momentarily entered in International Group Clubs but not entered in STOPIA 2006, as well as those reported in October 2007, is as follows:

Year	Number of tankers entered in STOPIA 2006	Number of tankers not entered in STOPIA 2006	Total	% of total entered in STOPIA 2006
2007/2008	4 540	361	4 901	92.6
2008/2009	5 459	248	5 707	95.7

3 Number of tankers entered in International Group Clubs that are entered in TOPIA 2006 and of those that are not entered in TOPIA 2006

- 3.1 TOPIA 2006 applies to pollution damage in States in which the 2003 Supplementary Fund Protocol is in force, and is a contract between owners of tankers to indemnify, on a voluntary basis, the Supplementary Fund for 50% of the compensation amounts paid by it under the Supplementary Fund Protocol.

The concept of 'Relevant Ship' under TOPIA 2006

- 3.2 TOPIA 2006 provides that all tankers will be considered a 'Relevant Ship' if they are entered in one of the P&I Clubs which are members of the International Group of P&I Clubs and reinsured through the pooling arrangements of the International Group (Clause III (B)).

List of ships entered in TOPIA 2006

- 3.3 Each P&I Club which is a member of the International Group is required to notify the Supplementary Fund of any 'Relevant Ship' which is accepted for entry in that Club without being or becoming entered in TOPIA 2006, as well as of any Ship which has been entered in TOPIA 2006 and which ceases to be entered in TOPIA 2006 whilst remaining insured by that Club, in accordance with Article 10D of the MOU between the Funds and the International Group of P&I Clubs regarding the operation of STOPIA 2006 and TOPIA 2006.
- 3.4 In September 2008 the International Group reported to the Funds that the number of 'Relevant Ships' entered in a P&I Club and not entered in TOPIA 2006 was nil, and that the number of 'Relevant Ships' entered in TOPIA 2006 and which ceased to be in TOPIA 2006 whilst insured by a P&I Club was also nil.

Situation in respect of coastal tankers

- 3.5 The International Group also reported to the Funds that it had been informed by the Japan P&I Club that the coastal tankers entered in the Japan P&I Club that have entered STOPIA 2006 by written agreement are not also entered in TOPIA 2006 because the size of these coastal tankers is generally so small that it is considered most unlikely that the costs of claims for pollution damage arising from an incident with such a tanker will exceed the 1992 Fund limit, ie 203 million SDR. The number of these tankers not entered in TOPIA 2006 because they are not participating in the pooling arrangements of the International Group is 589 Japanese coastal tankers (paragraph 2.7).

4 Action to be taken by the Assemblies

The Assemblies are invited to take note of the information contained in this document.
