



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUNDS 1971 AND
1992

EXECUTIVE COMMITTEE
18th session
Agenda item 3

92FUND/EXC.18/11
9 September 2002
Original: ENGLISH

ADMINISTRATIVE COUNCIL
9th session
Agenda item 15

71FUND/AC.9/13/12

INCIDENTS INVOLVING THE 1971/1992 FUNDS

ZEINAB

Note by the Director

Summary:	The <i>Zeinab</i> sank off Dubai (United Arab Emirates) on 14 April 2001, resulting in the loss of some 400 tonnes of oil and the subsequent pollution of the coast. The governing bodies decided that both the 1971 and the 1992 Fund Conventions applied to the incident and that the liabilities should be distributed between the two Funds on a 50:50 basis. This incident is, as regards the 1971 Fund, covered by insurance, subject to a deductible of £220 325. The total amount paid in compensation paid by the 1971 Fund exceeds the deductible.
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Action to be taken:	Information to be noted.
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1 Introduction

- 1.1 This document focuses on developments in respect of the *Zeinab* incident (United Arab Emirates) that have taken place since the 17th session of the 1992 Fund Executive Committee and the 8th session of the 1971 Fund Administrative Council held in July 2002

2 Previous considerations by the 1992 Fund Executive Committee and the 1971 Fund Administrative Council

Definition of 'ship'

- 2.1 The 1992 Fund Executive Committee and the 1971 Fund Administrative Council decided at their June 2001 sessions that the *Zeinab* fell within the definitions of 'ship' laid down in the 1969 Civil Liability Convention and the 1992 Civil Liability Convention (documents 92FUND/EXC.13/7, paragraph 3.4.6 and 71FUND/AC.5/ES.8/10, paragraph 5.6.6).

Applicability of the Conventions and the distribution of liabilities between the 1971 and 1992 Funds

- 2.2 The 1992 Fund Executive Committee and the 1971 Fund Administrative Council also decided at their June 2001 sessions that, since the United Arab Emirates was at the time of the *Zeinab*

incident a Party to both the 1969/1971 Conventions and the 1992 Conventions, both sets of Conventions applied to the incident, and that the liabilities should be distributed between the 1992 Fund and the 1971 Fund on a 50:50 basis (documents 92FUND/EXC.13/7, paragraphs 3.4.8 and 3.4.11 and 71FUND/AC.5/A/ES.8/10, paragraphs 5.6.8, 5.6.9 and 5.6.11).

3 Claims for compensation

- 3.1 The Funds have settled a claim by the Dubai Ports Authority for compensation in respect of clean up and preventive measures at US\$454 000 (£312 000). The settlement amount was paid in May 2002.
- 3.2 A claim by the Federal Environment Agency (FEA) for Dhs 1.6 million (£280 000) in respect of the cost of removing the oil from the sunken wreck by a salvage company was settled at the amount claimed.
- 3.3 A further claim by the FEA for US\$401 000 (£260 000) in respect of clean-up costs incurred by a local oil company has been assessed at US\$365 000 (£235 000). An offer of settlement for the assessed amount has been made to the FEA.
- 3.4 In July 2002, the FEA submitted a claim for Dhs 2.5 million (£440 000) on behalf of the Dubai Municipality in respect of shoreline clean-up operations. The Funds and their experts are assessing this claim, which includes costs of Dhs 24 000 (£4 200) in respect of a post-spill environmental monitoring programme. It is not known whether the results of the study will lead to a claim for environmental damage.
- 3.5 Further claims are expected from local oil companies that participated in the clean-up operations.

4 Recovery of paid claims from the 1971 Fund's insurance policy

- 4.1 As authorised by the Administrative Council at its October 2000 session, the 1971 Fund purchased insurance covering any liabilities of the 1971 Fund for compensation and indemnification up to 60 million SDR (£55 million) per incident minus the amount actually paid by the shipowner or his insurer under the 1969 Civil Liability Convention as well as legal and other experts' fees in respect of all incidents occurring between 25 October 2000 and 24 May 2002, the date when the 1971 Fund Convention ceased to be in force. Under the insurance policy the 1971 Fund has to cover a deductible of 250 000 SDR for each incident.
- 4.2 The Administrative Council decided at its 8th session in July 2002 on the method to be used for conversion of 250 000 SDR into pounds sterling, resulting in the 1971 Fund's deductible under the insurance policy being £220 325 in respect of the *Zeinab* incident (document 71FUND/AC.8/6, paragraph 3.5.6).
- 4.3 After payment of the 1971 Fund's 50% share of the claim by FEA referred to in paragraph 3.2, the 1971 Fund's payments will total approximately £313 000, including costs. The 1971 Fund's deductible has therefore already been exceeded.

5 Action to be taken by the governing bodies

The governing bodies are invited:

- a) to take note of the information contained in this document;
 - b) to give the Director such instructions in respect of this incident as they may deem appropriate.
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