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**FACILITATION OF THE ENTRY INTO FORCE AND HARMONIZED INTERPRETATION OF
THE 2010 HNS PROTOCOL**

**Analysis of claims data on the list of HNS incidents involving vessels entered in a
member Club of the International Group of Protection and Indemnity Associations in
the period 2010 to 2019**

**Submitted by the International Group of Protection and Indemnity Associations
(P & I Clubs)**

SUMMARY

Executive summary: At the request of the 106th session of the Committee, this document provides an analysis of claims data collated by the P & I Clubs on incidents involving the carriage of HNS between January 2010 and September 2019. This data is provided further to the claims data submitted to the International Conference of 2010 on the revision of the HNS Convention for claims arising from incidents in the period 2002 to 2010. A comparison of the two sets of data is provided in this document. This submission reflects an updated version of document LEG 107/3/1.

Strategic direction, if applicable: 6

Output: 6.12

Action to be taken: Paragraph 21

Related documents: LEG 106/16; LEG 107/3/1 and LEG/CONF.17/6

Introduction

1 In response to a request from the 106th session of the Committee (LEG 106) "to provide an update of statistics that were made available to the International Conference of 2010 on the revision of the HNS Convention", the P & I Clubs collated claims data for the period from January 2010 to September 2019. The P & I Clubs recognize that the presentation of such data will assist Member States to ratify and bring into force the 2010 HNS Protocol as soon as possible. Data was submitted to the 107th session of the Committee (see document LEG 107/3/1) but the presentation of the data was postponed until LEG 108. The data has been presented in this submission alongside the 2002 to 2010 data for comparison and is a slightly updated version from the data contained in document LEG 107/3/1.

HNS incidents

2010 to 2019 Claims data - Number of incidents and total cost of claims

2 All 13 principal member Clubs of the P & I Clubs responded to the request from LEG 106 with claims data relating to incidents involving the carriage of HNS by vessels entered in their Club at the time of the incident, with the total cost of claims incurred (including the gross estimate that may still be held by the Club over and above the amount already paid) for damage arising from the incident that would have been governed by the Convention if in force at the time of the incident. The P & I Clubs have therefore differentiated between claims incurred for damages that fall within the scope of the definition of "damage" under the 2010 HNS Convention and claims incurred that fall outside the scope of this definition (i.e. cargo claims, collision claims, etc).

3 In total, claims data was provided in respect of 220 incidents during the time period January 2010 to September 2019, where the relevant vessel was entered with a member Club of the P & I Clubs.

4 The total cost of claims incurred to date in all 220 incidents for "damage" that would have been governed by the Convention if in force at the time of each incident was approximately SDR 154.73 million/\$213.77 million.

2002 to 2010 Claims data - Number of incidents and total cost of claims

5 As a comparison, the 2002 to 2010 claims data that was presented to the International Conference of 2010 on the revision of the HNS Convention recorded a total of 192 such incidents during the time period 2002 to January 2010, where the relevant vessel was entered with a member Club of the P & I Clubs.

6 The total cost of claims incurred in those 192 incidents for "damage" that would have been governed by the Convention, if in force at the time of each incident, was approximately SDR 182.7 million/\$276.5 million.

2010 to 2019 Claims data - Shipowners' limitation under the Convention

7 Out of the total of 220 incidents reported for the period from January 2010 to September 2019, the total cost of claims incurred in 219 incidents fell in each case within the shipowner's limit of liability under the 2010 HNS Convention (in respect of claims incurred that would have been governed by the Convention if in force at the time of the incident). Only one incident that occurred in this period from the list of incidents resulted in "damage" claims which exceeded the shipowner's limit of liability under the 2010 HNS Convention and would therefore have engaged the HNS Fund. Consequently, in over 99% of the incidents where claims data has been provided by the Clubs, full compensation (of claims incurred to date) would have been paid by the shipowner under the 2010 HNS Convention, if the Convention had been in force at the time of the incident occurring.

8 With regard to the above-mentioned incident, it involved the grounding of a ro-ro vessel (22, 495 GT) in heavy weather in the territorial waters of Egypt. The shipowner's limit of liability under the 2010 HNS Convention would have been SDR 41.5 million. The incident incurred a claim for damage under the Convention estimated at approximately SDR 48.5 million and was the highest claim reported of the 219 incidents.

9 From the total cost of claims paid in all 220 incidents of SDR 154.73 million for "damage" that would have been governed by the Convention if in force at the time of each incident, approximately SDR 147.73 million would have been met by the shipowner and only approximately SDR 7 million would have been met by the HNS Fund.

2002 to 2010 Claims data - Shipowners' limitation under the Convention

10 As a comparison, the 2002 to 2010 claims data recorded 189 incidents out of 192 where the total cost of claims incurred (at the time) fell in each case within the shipowner's limit of liability under the 1996 HNS Convention. Only three incidents that occurred in that period from the list of incidents provided by the P & I Clubs resulted in "damage" claims which exceeded the shipowner's limit of liability under the 1996 HNS Convention and would therefore have engaged the HNS Fund.

11 Consequently, it was noted that in approximately 98% to 99% of the incidents where claims data had been provided by the Clubs for this time period, full compensation would have been paid by the shipowner under the 1996 HNS Convention if the Convention had been in force at the time of the incident occurring.

12 The highest claim incurred of the 192 incidents that would have fallen within the scope of the Convention was SDR 35.7 million.

13 From the total cost of claims incurred of SDR 182.7 million in all 192 incidents, approximately SDR 152.8 million would have been met by the shipowner and only approximately SDR 29.9 million by the HNS Fund.

2010 to 2019 Claims data - breakdown of claims and comparison with 2002 to 2010 data

14 In terms of the breakdown of the total cost of claims arising from each of the 220 incidents, and the number of incidents where the cost of claims fell within a particular band range of cost of claims, the following information is provided and compared with the 2002 to 2010 data:

Range of cost of claims (SDR) per incident	No. of incidents (2010 to 2019 data)	% of total no. of incidents	No. of incidents (2002 to 2010 data)	% of total no. of incidents
10m and above	3	1.4	6	3.1
1m – 9.99m	16	7.3	23	12
0 – 999, 999	201	91.4	163	84.9
Total	220	100	192	100

15 The above table highlights that out of the 220 incidents reported for the 2010 to 2019 period, claims in respect of only three incidents exceeded the minimum shipowner's limit of liability under the 2010 HNS Convention of SDR 10 million/SDR 11.5 million for packaged goods.

16 One of these three incidents involved the carriage of packaged goods and claims relating thereto and, in that incident, the cost of claims incurred exceeded the minimum shipowner's limit of liability for damage arising from packaged goods but fell within the shipowner's limit of liability for the ship concerned. As already noted above, and on account of the size of the vessels involved in these three incidents, only one of the claims actually exceeded the shipowner's limit of liability under the regime.

17 None of the above recorded three incidents involved smaller vessels/vessels of 2,000 units of tonnage or less (for which the 10 million/11.5 million limits of liability applies).

18 The size of the three vessels concerned ranges from 9,956 GT to 50, 905 GT.

Types of Incidents

19 Where possible, the incidents have also been categorized against the different sectors of the HNS Fund under the 2010 HNS Convention and again compared with the 2002 to 2010 incident data, as follows:

HNS Sector	No. of incidents (2010 to 2019 data)	% of total no. of incidents	No. of incidents (2002 to 2010 data)	% of total no. of incidents
Oil	78	35.4	63	32.81
LPG	4	1.8	15	7.81
LNG	2	0.9	1	0.52
General	120	54.67	84	43.75
Unknown/not classified	16	7.3	29	15.1

Summary

20 The claims data clearly shows that almost all incidents reported by the P & I Clubs where "damage" arose from the carriage of HNS by sea incurred a cost of claims to date that would have been met in full by the shipowner under the Convention if in force at the time of the incident. Only one incident from the 220 reported for the period January 2010 to September 2019 would have engaged the HNS Fund.

Action requested of the Committee

21 The Legal Committee is invited to take note of the information contained in this document.