



# IGP&I

International  
Group of  
P&I Clubs

International Group of P&I Club experience of HNS incident

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## Highlights

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- **Cover provided by the 12 International Group Clubs**
- **Benefits of HNS Convention**
- **Limitation of liability**
- **Case Study “Hanjin Pennsylvania”**
- **Historic HNS experience**

## International Group Club P&I Cover

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- 12 Clubs in the International Group of P&I Clubs
  - Insure and pool third party liabilities relating to the use and operation of ships
  - Insure over 90% of the world's ocean-going tonnage
  - Insure over 95% of ocean-going tankers
  - Comprehensive cover designed to meet the needs of our Members
  - HNS Convention damages already fall within the scope of Club cover
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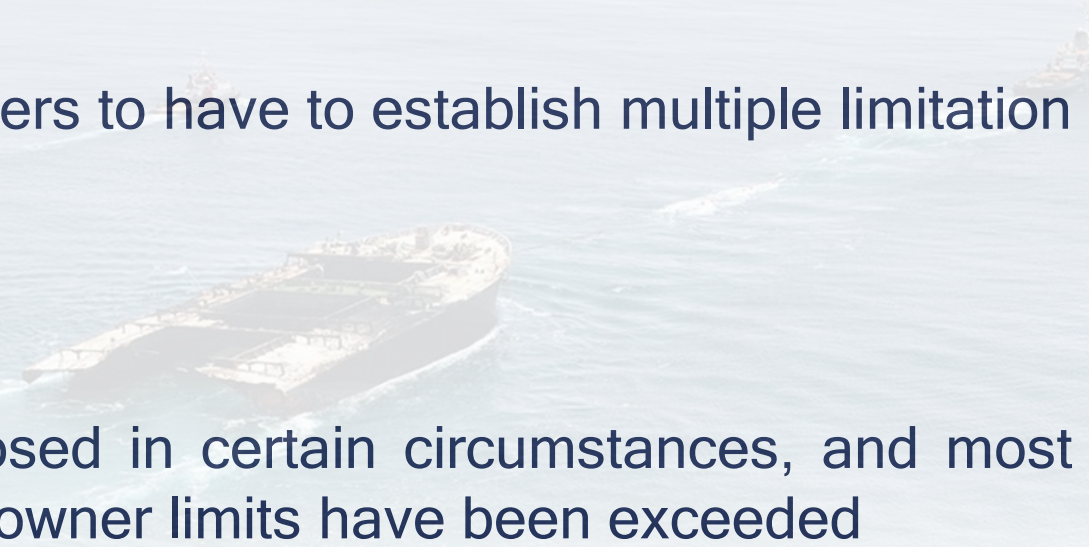
## Benefits of HNS Convention

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- An international business calls for international governance and regulation
  - Strict liability offers prompt compensation in exchange for certainty of insurable limits of liability
  - Predictability in terms of liability and exposure
  - Equal treatment of victims globally in terms of compensation
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- An aerial photograph of a large oil tanker ship sailing on the ocean. The ship is viewed from an elevated angle, showing its long hull and deck. The water is a deep blue, and the ship's wake is visible. The image is semi-transparent, serving as a background for the text.

## Limitation of liability

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- Higher limits of liability than LLMC 76 or 96 Protocol
  - Potential for ship owners to have to establish multiple limitation funds
  - HNS Fund only exposed in certain circumstances, and most importantly once ship owner limits have been exceeded
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- An aerial photograph of a large, dark-hulled shipwreck floating in the open ocean. The ship is partially submerged, with its upper decks and superstructure visible above the water. The surrounding water is a deep blue, and the sky is a pale, hazy blue. The shipwreck is the central focus of the image, with a smaller vessel visible in the distance to the right.

# Hanjin Pennsylvania

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## Hanjin Pennsylvania

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- On or around 8 November 2002 the vessel loaded 4,000 containers in Shanghai and Singapore for discharge at North European ports
- Of those, two containers contained cargoes of magnesium
- Three days out of Singapore, whilst the vessel was 160 nm off the East Coast of Sri Lanka a fire ball was seen emanating from the port side of hold no.4 running aft towards the bridge
- This was followed by an explosion
- Hatch covers of hold no.4 were blown off and various containers were lost overboard
- One crewmember who managed to access hold no.4 reported flames up to four metres high



# Hanjin Pennsylvania

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## Hanjin Pennsylvania

- CO2 was injected into the holds and the crew did their best to tackle the fire with hoses
- Following a further explosion the decision was taken to evacuate the vessel



## Hanjin Pennsylvania

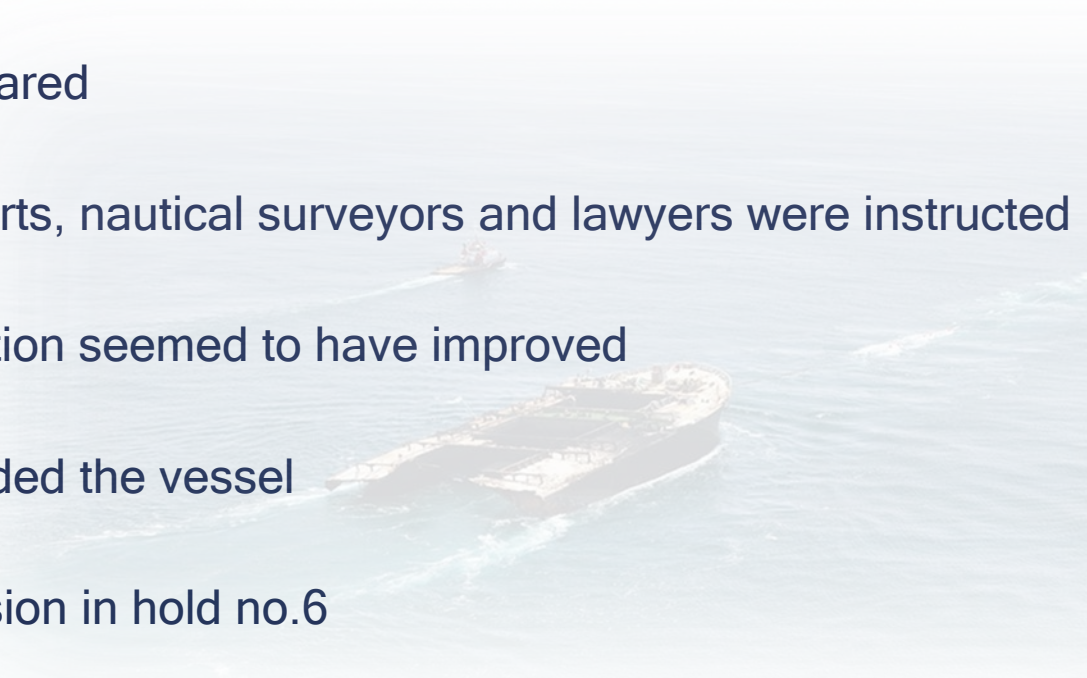
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- Bosun badly burnt and sadly died from his injuries
- An AB was not found, and presumed to have been thrown overboard by the explosion



## Hanjin Pennsylvania

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- Owners signed LOF incorporating SCOPIC
  - A fire fighting tug arrived and SCOPIC was invoked
  - General average was declared
  - Fire experts, salvage experts, nautical surveyors and lawyers were instructed
  - By 14 November the situation seemed to have improved
  - Six crewmembers re-boarded the vessel
  - There was a further explosion in hold no.6
  - The crewmembers jumped overboard and were rescued
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- An aerial photograph of the Hanjin Pennsylvania oil tanker at sea. The ship is a large, dark-hulled vessel with a white superstructure. It is moving through the water, leaving a white wake. In the background, another smaller vessel is visible. The sky is overcast and grey.

# Hanjin Pennsylvania

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# Hanjin Pennsylvania

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## Hanjin Pennsylvania

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# Hanjin Pennsylvania

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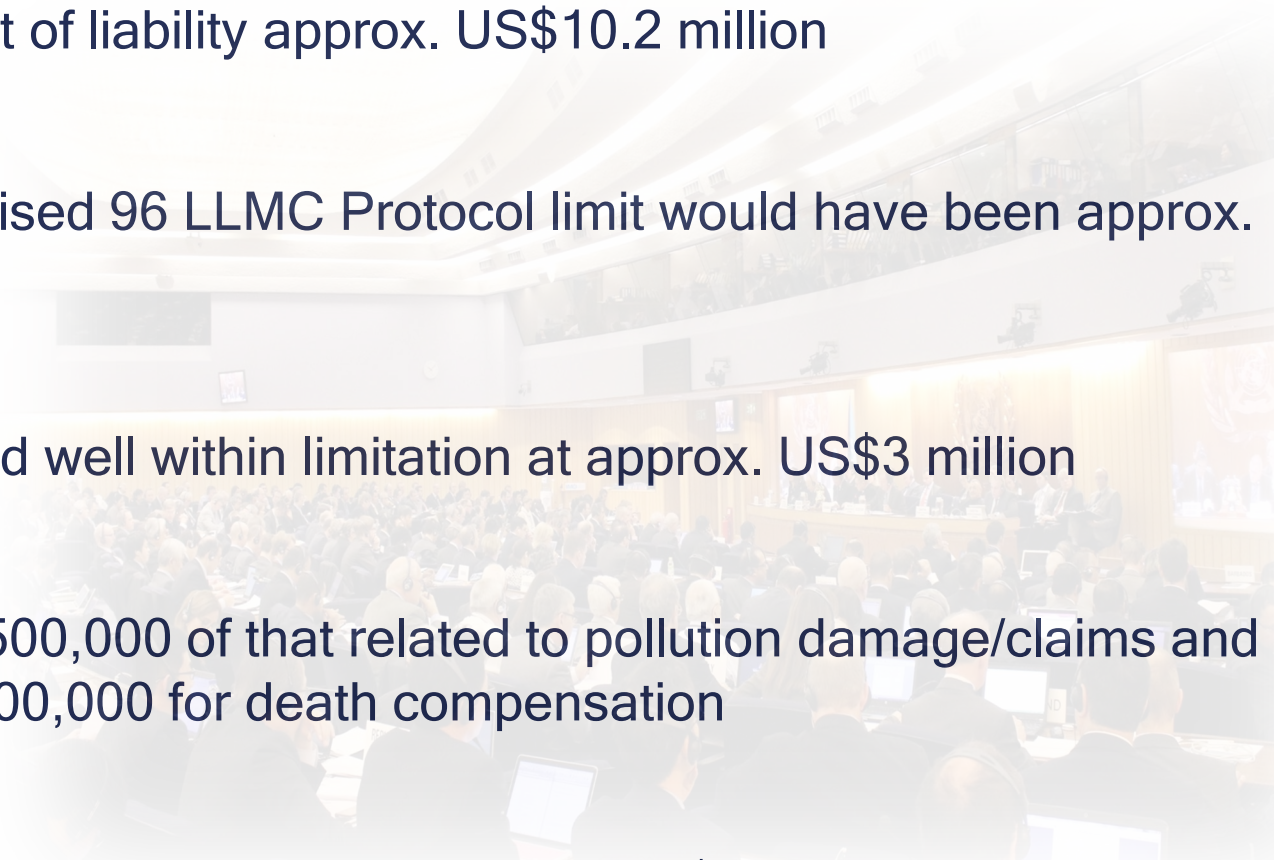
# Hanjin Pennsylvania





## The Cost

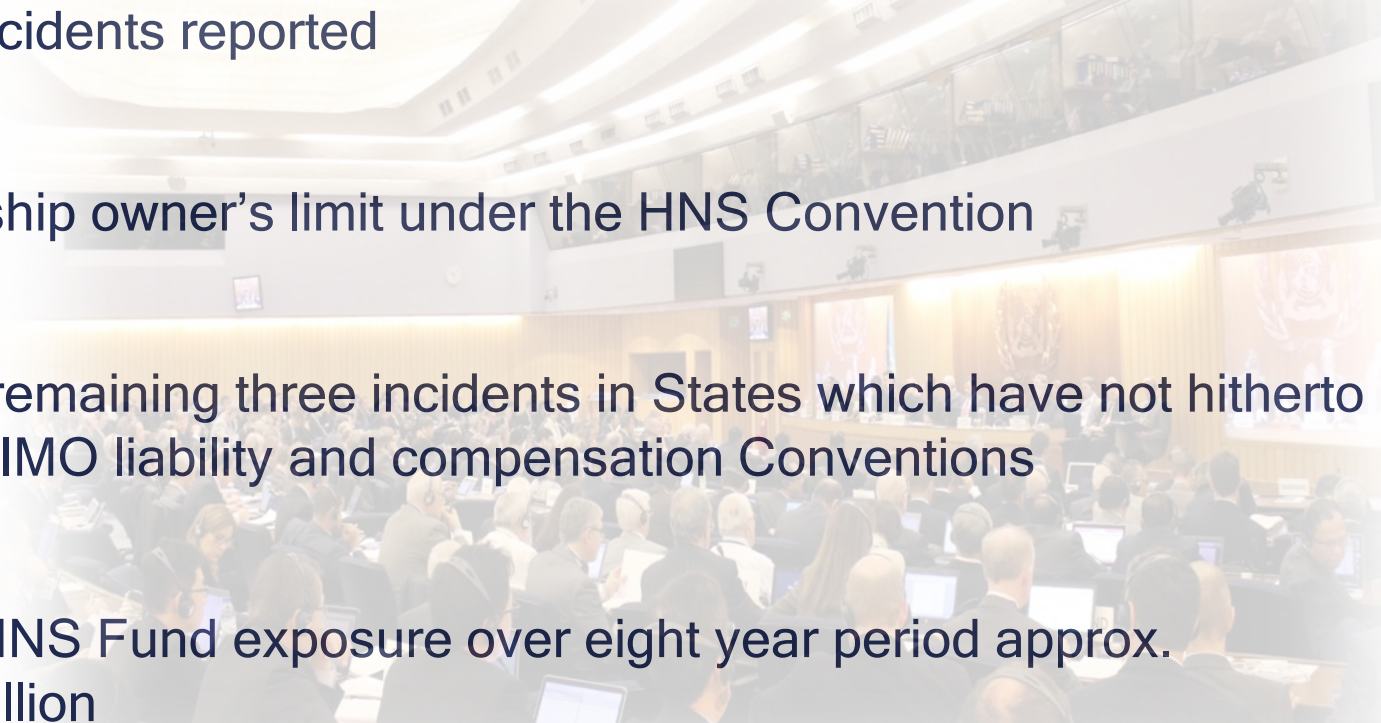
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- 1976 LLMC limit of liability approx. US\$10.2 million
  - Under 2015 revised 96 LLMC Protocol limit would have been approx. US\$37 million
  - Total claims paid well within limitation at approx. US\$3 million
  - Less than US\$500,000 of that related to pollution damage/claims and less than US\$200,000 for death compensation
  - Ship owner's HNS limit of liability approx. US\$126 million
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## Historic HNS experience

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### January 2002 - January 2010

- 192 HNS incidents reported
  - 189 within ship owner's limit under the HNS Convention
  - Two out of remaining three incidents in States which have not hitherto acceded to IMO liability and compensation Conventions
  - Maximum HNS Fund exposure over eight year period approx. US\$43.5 million
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## Historic HNS experience

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### January 2010 - January September 2019

- 220 HNS incidents reported
  - 219 within ship owner's limit under the HNS Convention
  - Remaining incident exceeded ship owner's limit by US\$9.3 million
  - Maximum HNS Fund exposure between 2002 - 2019 year approx. US\$49.3 million
  - Only if States had been States Parties to the Convention
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## Lessons to learn and conclusions

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- Dramatic images and extensive damage but cost well within HNS limit of liability
- Larger ships provide potential for larger casualties
- Depends on substances involved and proximity to shore and people
- Largest exposure often concerns non-HNS Convention liabilities
- Majority of exposure will still be borne by ship owners and their insurers
- International Group supports the HNS Convention

A large blue and red ship hull is being lifted by two large cranes at a port at night. The hull is the central focus, with its curved surface and red bottom section clearly visible. The cranes are positioned on either side, and the scene is illuminated by bright lights, creating a dramatic atmosphere. The water in the foreground is dark blue, and the background shows the port infrastructure and other ships.

IGP&I

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Thank you