

# RISK WATCH

OCTOBER 2018

SEAFARERS' APP AND WELLNESS COMPETITION

COPENHAGEN OFFICE AND MEET THE SCANDINAVIAN TEAM

LOSS PREVENTION AMMONIUM NITRATE-BASED FERTILIZER

LEGAL ANALYSIS THE HAGUE RULES TIME BAR AND LEGAL UPDATE



BRITANNIA P&I  
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## A MESSAGE FROM THE EDITOR

BRITANNIA'S MISSION IS TO BE **THE FINEST P&I CLUB IN THE WORLD.**



We have had an exciting start to the autumn season with the launch of B Denmark P&I, our newly-appointed Exclusive Correspondent in Copenhagen. The reception was held at B Denmark P&I's offices in the heart of Copenhagen's shipping district, Hellerup where John Ridgway, Chairman of Tindall Riley (Britannia) and Andrew Cutler, CEO, joined Michael Boje-Larsen, B Denmark's MD, to welcome guests to the new office.

On pages 2 and 3 of the magazine we take the opportunity to introduce you to Michael and also to the whole Scandinavian team in the London office, headed up by Jonathan Bott. Denmark accounts for around 16% of the Club's business and so the opening of the new office reaffirms our commitment to try and make sure that our Members in the area receive the best service possible and also provides a perfect opportunity to expand and develop in the region.

The opening in Denmark follows the recent announcements by the Club about developments around the world, including the acquisition of our Exclusive Correspondents in Japan in April 2017, Hong Kong in June 2018, Singapore in September 2018, and the opening of a Greek office in Autumn 2018. We look forward to introducing our readers to all our new offices in the next few editions of Risk Watch.

We have also just hosted 41 Members in our London office for our annual P&I Training Week. The delegates came from 17 different countries and represented 31 different companies. We have been holding our Training Week for more than 20 years and once again it was a fantastic opportunity to invite our Members into our London office, giving us all the chance to meet and get to know each other over a full week of lectures and social events. Next year we are moving away from September and will hold Training Week around the middle of June. If you would like further information about the event, please do not hesitate to contact us.



**CLAIRE MYATT**  
Editor



## WELLNESS AT SEA

SAILORS' SOCIETY'S WELLNESS AT SEA APP AIMS TO HELP SEAFARERS IMPROVE AND MONITOR THEIR WELL-BEING THROUGH A VARIETY OF INTERACTIVE CHALLENGES, EXERCISE AND NUTRITION TIPS, AND WELFARE INFORMATION.



Free to download, the app is both iPhone and Android compatible.

For more information visit:  
[sailors-society.org](http://sailors-society.org)



Here's a brief glance at how the app can help you stay informed and keep track of how you are feeling, both at sea and at home.

### MOOD TRACKING

- How do your emotions influence your behaviour? Use the app's tracker to monitor your daily mood, as well as your social interactions, diet and exercise regimes.
- Write a daily diary using the app's notes section. It's sometimes difficult to keep in touch with home when you're at sea, so why not make 'remember notes' on important stories you want to tell your loved ones.
- Your diet can impact your mood. The app's recipe section gives great food for thought!
- Exercise not only keeps you physically fit, but mentally fit too. Use the app's work outs to help stay in shape.

### KEEP INFORMED

- Check out the app's physical section for healthy living and nutrition tips.
- Use the app's resources section to find out more about your rights and welfare organisations local to you.
- Track your journey using Marine Traffic-supplied AIS data and find out useful information about your next port of call.
- Interested in further improving your health and well-being? Take a look at the animations introducing [mywellnessatsea.com](http://mywellnessatsea.com), an online learning platform (more below).

## HEALTH AND WELL-BEING IS ONLY A CLICK AWAY

BASED ON SAILORS' SOCIETY'S AWARD-WINNING WELLNESS AT SEA COACHING PROGRAMME, WELLNESS AT SEA E-LEARNING HELPS KEEP YOU PHYSICALLY AND MENTALLY FIT FOR A BRIGHT CAREER IN SHIPPING.

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# BRITANNIA'S SCANDINAVIAN CLAIMS TEAM AND A NEW OFFICE IN COPENHAGEN, DENMARK

IN THIS EDITION OF RISK WATCH WE ARE INTRODUCING THE SCANDINAVIAN CLAIMS TEAM TO OUR READERS. THE TEAM LOOKS AFTER OUR MEMBERS IN DENMARK AND NORWAY WHO REPRESENT SLIGHTLY MORE THAN 16% OF OUR MEMBERSHIP. IN THE LONDON OFFICE THE TEAM IS HEADED BY JONATHAN BOTT WHO HAS BEEN WITH TINDALL RILEY FOR 23 YEARS. WE ARE ALSO VERY PLEASED TO INTRODUCE THE NEW EXCLUSIVE CORRESPONDENT OFFICE IN COPENHAGEN, B DENMARK P&I.

## LONDON



**JONATHAN BOTT** is the Director P&I Claims. He joined Tindall Riley in 1995 from a well-known city law firm. Jonathan is a qualified solicitor and handles a wide range of P&I and FD&D claims including major collision and grounding cases. Jonathan initially worked in the Club's Korean Team and subsequently ran the day-to-day operation of the claims team for Japan and Italy for almost 10 years before transferring to the Scandinavian team in August 2010.



**MICHAEL BIRD** is a Divisional Director. He qualified as an English solicitor in 1997 and worked for two leading maritime law firms in London. He joined Tindall Riley in 2007 and has worked with the Club's Scandinavian Members ever since, helping them with a wide range of FD&D, P&I and CLH issues. Michael represents the Club on the BIMCO Documentary Committee.



**CLIVE DAVIES** is an Associate Director and has a background as a Master Mariner, sailing on a variety of ships including reefer, passenger, general cargo, heavy lift and LPG/ammonia carriers. He worked for Geest Line serving with their Atlantic fleet of cargo liners before joining Britannia. He has been with the Club since December 1987. Clive handles a wide range of P&I incidents from reefer and chemical claims through to casualties. With his significant experience, Clive also acts as a point of reference for other team members and assists with the loss prevention team.



**MIKE STEER** is an Associate Director. Mike previously worked for 10 years at two mutual marine insurers, one of which was another International Group Club, before joining Tindall Riley in 2012. Mike qualified as a solicitor and handles a range of P&I and FD&D claims including collisions, groundings and pollution casualties. He is currently the Club's representative on both the International Group Maritime Security Sub-Committee and the International Group Pollution Sub-Committee.



**JOANNA MORGAN** is a Fleet Manager. She qualified as an English solicitor and spent six years as part of a shipping team in a maritime law firm before joining Tindall Riley in 2013. Joanna has worked with our Scandinavian Members since joining Tindall Riley and works on P&I, FD&D and CLH claims.





**JUSTIN OLLEY** is a Fleet Manager. After completing his Master's degree in Shipping, Ports and the Environment in Southampton he worked for a Shipowner in London handling claims and placing insurance for a number of years. He joined Tindall Riley in 2007 and has since worked in the Scandinavian team handling both wet/admiralty type claims and dry claims.



**ANDREW ATKIN** is a Claims Manager. He joined the Scandinavian team in September 2011 after gaining 5 years' experience with one of the Lloyd's Market's largest cargo insurers dealing with a wide range of cargo claims and blue chip cargo interests. Previously, Andrew worked for 3 years with a global settlement agency in its marine claims department for Far East insurance companies.

## B DENMARK P&I, COPENHAGEN



**MICHAEL BOJE-LARSEN** is the Managing Director of B Denmark P&I. Michael is a lawyer with considerable experience in maritime law and has previously worked both for another IG Group P&I Club and in private practice. He has worked for more than 20 years in the insurance sector and was seconded to open a competitor's Greek office in the early 2000s, adding a unique set of skills to the team.



**RISHI CHOUDHURY** is an Associate Director. He joined Tindall Riley in 2006 and spent 12 years working with our Korean Members. Rishi previously worked in the legal team of a commodity trading group in Switzerland, before moving to London to qualify as a solicitor with a maritime law firm. He moves to Copenhagen in the autumn on secondment to B Denmark.

# AMMONIUM NITRATE-BASED FERTILIZER (NON-HAZARDOUS)

**DESPITE BEING CATEGORISED AS 'NON-HAZARDOUS', INCIDENTS INVOLVING THE CARRIAGE OF AMMONIUM NITRATE-BASED FERTILIZER (NON-HAZARDOUS) (ANBF(NH)) ON BOARD *PURPLE BEACH* (2015) AND *CHESHIRE* (2017) HAVE HIGHLIGHTED THE POTENTIAL HAZARDS OF THIS CARGO. THE CARGO IS LIABLE TO DECOMPOSITION WHICH IS WHERE TOXIC GASES CONTAINING AMMONIA AND NITROGEN ARE CREATED AND THE CARGO MAY ULTIMATELY EXPLODE.**



Images reproduced courtesy of RESOLVE Salvage & Fire (Europe), Ltd.

In response to these incidents, the International Maritime Organisation (IMO) issued circular CCC.1/Circ.4 in September 2017. This highlighted some of the key issues and the precautions to be taken when carrying such cargoes: [ow.ly/9LvR30lBvDX](https://www.imo.org/en/About/Pages/press-releases.aspx?CID=1317)

The circular notes that even for ANBF(nh) cargoes classified as Group C (non-hazardous), the relevant precautions in appendix 1 of the International Maritime Solid Bulk Cargoes (IMSBC) Code should be applied carefully. It also sets out a number of specific actions that should be taken in the event of cargo decomposition; including opening cargo hatches as soon as decomposition is found in order to prevent the build-up of pressure and to help cool the cargo, thereby stopping or slowing down the process of decomposition.

The circular also draws attention to the information available in the guidance document issued by Fertilizers Europe Guidance advising on the sea transport of ANBF: [ow.ly/K0vU30lBvGO](https://www.fertilizers-europe.com/~/media/Files/2017/09/20170920_Fertilizers_Europe_Guidance_on_the_sea_transport_of_ANBF.pdf)

At the time of writing, the German Federal Bureau of Maritime Casualty Investigation (BSU) Flag State casualty investigation into the *PURPLE BEACH* accident is still ongoing and its conclusions have not been published. However, the final casualty investigation report into the *CHESHIRE* accident has recently been published by the Isle of Man Ship Registry: [ow.ly/Pylu30lBvIS](https://www.isleofman.gov.uk/~/media/Files/2017/09/20170920_Fertilizers_Europe_Guidance_on_the_sea_transport_of_ANBF.pdf)

The report highlights a number of issues and gives advice on precautions to take when carrying ANBF(nh):

- Although the ANBF(nh) cargo on *CHESHIRE* was categorised as 'non-hazardous' and 'non-self-sustaining', the cargo still experienced a catastrophic thermal decomposition. This ultimately led to the ship being declared a constructive total loss despite various efforts to respond to the situation.

- Regular monitoring of ANBF(nh) cargoes, including the review of relevant trend data, is crucial throughout a voyage to detect possible signs of initial decomposition. This should include monitoring for:
  - any significant abnormal fluctuations in temperature
  - the presence of water, as ANBF(nh) cargoes normally contain very little moisture when manufactured (<0.5%)
  - reduced oxygen content by volume compared to other holds, as oxygen is displaced by the gases generated during decomposition
  - a foul smell (possibly due to oxides of nitrogen and ammonia generated as part of the chemical reaction)

# (ANBF)





- Members' SMS should provide readily available safety information for the carriage of ANBF(nh) cargoes, including:
  - Information on warning signs of possible decomposition (such as oxygen depletion, water accumulations, visible vapours, temperature increases and a smell of ammonia – discernible and detectable at low concentrations)
  - What steps should be taken to ensure an effective arrest of any decomposition process (including maximum ventilation, hotspot location identification and specifically directed cooling)
- It is essential to contact the cargo manufacturer as soon as there is any suspicion that cargo decomposition is in progress. The manufacturer should have full knowledge of the cargo's chemical composition and how it will be expected to behave and can therefore provide the best advice, based on feedback and experience.
- The decomposition process may result in the formation of a 'matrix' at the reaction front which can assist the decomposition process by retaining heat energy needed for the reaction to continue; therefore steps should be taken, as far as possible, to prevent the formation of such a matrix.
- The decomposition process may lead to the emission of a toxic gas cloud. Human exposure to any affected areas during an incident should therefore be avoided. If crew are required to operate in such areas then Self-Contained Breathing Apparatus (SCBA) and appropriate protective clothing (PPE) must be worn during such periods of exposure.
- Any decomposition products drawn into the engine room ventilation system may lead to fouling of the turbocharger filters causing air starvation and exhaust temperature imbalance, which could ultimately lead to the engines tripping.
  - All efforts should be made to manoeuvre the ship safely in order to minimise, as far as possible, the exposure to the toxic gases and decomposition products
  - Additional counter measures may be required to prevent the ingress of the toxic gases into accommodation spaces through gas tight openings
  - Should the turbocharger filters become fouled, these will need to be cleaned manually or removed by crew wearing suitable PPE/SCBAs
- Although not a statutory requirement, operators of ships carrying ANBF(nh) cargoes may wish to consider the carriage of additional specialist equipment to assist with the detection of and response to any decomposition event. Such equipment could include, inter alia:
  - thermal detection equipment, reflected infra-red thermometers, or infra-red camera/analysis equipment
  - high pressure water lances (commonly referred to as 'Victor Lances')
  - additional SCBA

### CONCLUSION

As for all hazardous situations, prevention is the best cure. As noted in the IMO circular, awareness of the decomposition process to allow its identification at the earliest possible stage is key.

Although by no means a simple process, a decomposition event can be brought under control if tackled quickly and appropriately. Regular monitoring of the cargo throughout the voyage is therefore crucial to detect the beginning of a possible decomposition and allow early action to be taken to prevent the situation deteriorating.

(nh)

# NEW SULPHUR REQUIREMENTS – NEW CHALLENGES



WITH THE IMPLEMENTATION DATE OF THE NEW MARPOL LOW SULPHUR REGULATIONS APPROACHING ON 1 JANUARY 2020, MANY MEMBERS ARE LOOKING INTO THE DIFFERENT ALTERNATIVES AVAILABLE IN ORDER TO COMPLY WITH THE REGULATIONS. AS WELL AS USING LOW SULPHUR FUEL OIL (LSFO) AS AN ALTERNATIVE TO THE INSTALMENT OF SCRUBBERS, THE USE OF GAS PRODUCTS SUCH AS LIQUIFIED NATURAL GAS (LNG) ARE ALSO BEING CONSIDERED AS OPTIONS. IN THIS ARTICLE THE BRITANNIA LOSS PREVENTION TEAM GIVES MEMBERS SOME ADVICE ON WHAT OPTIONS TO CHOOSE.

## LSFO

From a practical viewpoint, the use of LSFO would seem like an obvious option as it apparently requires little modification to the current fuel system. However, its characteristics might differ from the High Sulphur Fuel Oil (HSFO) which means there are operational issues involved with using LSFO. Also, it has a higher price tag which makes it a more expensive solution. Other concerns have been raised about the future availability of LSFO due to the expected high increase in demand together with the quality requirements, compatibility and the stability of these LSFO fuels. The blended LSFO is also a concern, as no standards addressing these fuels have so far been published.

## LNG

As there is a good supply of LNG and it is currently competitively priced, it is seen by many as one of the main alternatives to fuel oil and has already been installed by many operators throughout the industry. Further advantages

include compliance with other future air emission limits such as NO<sub>x</sub> and CO<sub>2</sub>. Expensive retrofitting of engines as well as the global infrastructure to ensure supplies and availability of LNG around the world is, however, a major concern. At the same time, the use of LNG as fuel introduces new procedures for ship operations and so therefore there needs to be full risk assessments carried out and the crew will need to be trained in the new procedures.

## EGCS/Scrubbers

Another option is the exhaust gas cleaning system (EGCS), commonly referred to as scrubbers, which clean the exhaust gas to reduce the emissions to the equivalent of using LSFO. The main benefit with EGCS is that operators can continue to use the cheaper HSFO. However, many questions have been raised about the use of scrubbers and what type to use. Some local authorities may not allow the use of this open loop system and may only permit a closed loop system.

A concern is that if the scrubbers break down, will the ship then be regarded as being non-compliant? Proposed amendments to the IMO guidelines on EGCS have suggested that if the breakdown is accidental, the ship should not be regarded as non-compliant and should be allowed to complete the current leg of its voyage without deviation and then carry out repair works or use bunker compliant fuel oil. Flag State and the relevant port and coastal states will, however, need to be notified without delay. Availability of compliant oil or delivery of necessary spare parts may prove to be difficult, depending on trading area, and whether the ship then will be allowed to continue further is uncertain. It is recommended that Members installing scrubbers maintain sufficient stocks of spare parts on board and maintain a very thorough maintenance log in order to be able to show authorities that in the event of breakdown, it was accidental.



## SUEZ CANAL : WARNING ABOUT EXPENSIVE TUG CHARGES



**FACTS:** A RECENT CLAIM HAS HIGHLIGHTED PRACTICAL STEPS THAT SHOULD BE TAKEN WHEN EMPLOYING TUGS IN THE SUEZ CANAL. IN THIS CASE, THE MEMBER'S SHIP EXPERIENCED SOME ENGINE PROBLEMS WHILE TRANSITING THE CANAL. THE MASTER REQUESTED THAT A SUEZ CANAL AUTHORITY (SCA) PILOT ATTEND THE SHIP WHO THEN REQUESTED ASSISTANCE FROM THE TUGS. THREE TUGS ATTENDED BUT IN THE END THE SHIP WAS ABLE TO MAKE THE TRANSIT UNDER HER OWN POWER AND DID NOT NEED ANY PHYSICAL ASSISTANCE FROM THE TUGS. ONE TUG LEFT STRAIGHT AWAY BUT THE OTHER TWO STAYED AND ESCORTED THE SHIP.

**RULES:** Article 57 of the SCA's Rules of Navigation Relating to Towage and Escorting states:

'Chargeable tugs shall be imposed during Canal transit in the following cases:

(1) The SCA may require any vessel to take one tug or more tugs during Canal transit, whenever, in SCA judgment, this action is necessary to ensure safety of the vessel or to the Canal.'

It seems that the SCA was worried about possible delays to the convoy and following ships as well as the safety of the Canal if the engine trouble persisted. The SCA required security for the cost of mobilising the tugs at USD 100,000. The amount eventually charged was USD 40,000, which included a charge of USD 25,000 for the third tug that was not used at all. The SCA invoices were not submitted until almost a month after the event and the costs were not mentioned at the time of the incident. Local correspondents have advised that these charges are in accordance with the SCA tariff under the Rules of Navigation and are not negotiable. The only way to challenge the costs is by going to court.

**ADVICE:** Members are warned to be careful when tugs are requested by the SCA pilot. Members should try to clarify from the outset with the pilot and the SCA how many tugs they say they require, why they are needed and what the costs will be to try to avoid charges for tugs that are not actually needed.

### HSFO

Another issue is the uncertainty about the availability of HFSO after 1 January 2020. With the larger part of the maritime industry expected to discontinue using HSFO there will be a significant decrease in the global market and a subsequent reduction in production by refineries is seen as a natural outcome.

### CONCLUSION

So what to choose? Well there is no easy answer. One solution might suit ships in fixed or liner trades and another might suit ships working in tramp trades. Members need to conduct a thorough assessment, including consulting their engine manufacturers, in order to determine which alternative matches their operation the best. It is important to continue to monitor developments because what might have seemed the obvious choice a year ago may quickly change.

The IMO recently agreed draft guidelines on the development of a ship implementation plan for working with the 0.50% sulphur limit. Although these guidelines are currently voluntary, Members are encouraged to follow them in order to ensure proper implementation and also that the plan is clearly documented. Administration and Port State Control authorities may take the implementation plan into account when verifying compliance with the 0.50% sulphur limit requirement at future inspections.

Please do not hesitate to contact the loss prevention team here at Britannia if you require further information.

# THE APPLICATION OF THE HAGUE RULES TIME BAR

THE HIGH COURT WAS RECENTLY ASKED TO CONSIDER WHETHER THE ONE YEAR TIME LIMIT CONTAINED IN ARTICLE III RULE 6 OF THE HAGUE RULES APPLIED TO CLAIMS FOR MISDELIVERY AND WHETHER COMMENCEMENT OF PROCEEDINGS IN A JURISDICTION OTHER THAN THAT AGREED IN THE BILL OF LADING WAS SUFFICIENT TO INTERRUPT TIME.

The ship carried a cargo of bunker oil from Lome, Togo to Cotonou, Benin although, pursuant to the charterers' orders, the ship discharged the cargo off Lome by way of a ship to ship transfer without production of the bill of lading.

Cargo interests claimed for misdelivery and, following the arrest of the ship, commenced proceedings in a number of jurisdictions, including Tunisia. These proceedings were dismissed for lack of jurisdiction, as the bill of lading incorporated the law and jurisdiction clause from the charterparty, providing for English law and High Court jurisdiction.

The Owners subsequently applied in London for a declaration that any proceedings in London would be time barred, pursuant to Article III Rule 6 of the Hague Rules (the 'Rules').

The cargo claimants argued that the time bar contained in Article III Rule 6 did not apply where the cargo was not delivered against presentation of the bill of lading and that proceedings had, in any event, been commenced in Tunisia.

The Rules apply from loading to discharge and delivery can, and often does, take place after discharge. Further the Rules do not impose any obligations on the carrier to discharge against a bill of lading. In the absence of any such obligation, cargo interests argued that the Rules did not apply to misdelivery where the cargo was not delivered against the bill of lading.

Article III Rule 6 provides,

'In any event the carrier and the ship shall be discharged from all liability in respect of loss or damage unless suit is brought within one year after delivery of the goods or the date when the goods should have been delivered.'

The Court looked closely at the wording of Article III Rule 6 and decided that the phrases 'in any event' and 'discharged from all liability' were sufficiently wide to cover claims for misdelivery. The facts of the cases, namely pumping the cargo to a party not entitled to it was a clear breach of the ship owners' obligation to '..properly and carefully load, handle, stow, carry keep, care for and discharge the goods carried...' (as per Article III Rule 2).

In reaching its conclusion that Article III Rule 6 applied to misdelivery claims, the Court also considered the purpose of the one year time bar. The one year limit gave universal uniformity to the prescription period for bringing claims. If it did not apply, then the limit would vary according to the law governing the bill of lading and the forum in which the claim was brought. The Court had stated that the limit also gave finality to claims. In the alternative, if the one year time limit did not apply, the shipowners could, in such circumstances, be able to agree shorter periods, similar to those agreed before the introduction of the Hague Rules.

Cargo interests also tried to argue that time had been interrupted by the commencement of proceedings in Tunisia, despite the bill of lading containing the exclusive law and jurisdiction clause incorporated from the charterparty providing for English law and jurisdiction.

The Court also rejected this argument. The general principle being that the holder of the bill of lading must be assumed to have had access to the charterparty at the time the bill of lading was entered into and therefore must be assumed to be aware of its terms, particularly where, as in this case, it was the original shipper bringing the claim. The Court did, however, recognise that if the shipowner had refused to advise the terms of the charterparty that the effective incorporation of its terms into the bill of lading could fail. Likewise if the claimant was required to bring the claim in an alternative jurisdiction for reasons which were not the claimant's responsibility, the Court would be sympathetic, but in the absence of such exceptional circumstances, the meaning of 'suit' referred to in Article III Rule 6 and the exclusive jurisdiction clause were to be read in conjunction, so that only a 'suit' brought in the contractual forum could constitute the bringing of suit within one year.

Although this case was decided in accordance with the Hague Rules, the corresponding provision in the Hague Visby Rules refers to the carrier being discharged of all liability 'whatsoever' following one year from discharge and therefore the position would be the same.

The matter is currently subject to an appeal to the Court of Appeal.

Deep Sea Maritime Ltd. V Monjasa A/S (*The Alhani*) [2018] EWHC 1495



## LEGAL UPDATE: SUMMARY OF RECENT CASES

### HIJACK: OPERATING COSTS DURING HIJACK ALLOWABLE IN GENERAL AVERAGE

While it has long been recognised that ransom payments, made to secure the release of a ship from hijacking have been allowable in general average, it has recently been held that the operating costs of the ship detained can also be recoverable under Rule F of the York Antwerp Rules 1974.

Rule F provides: 'Any additional expense incurred in place of another expense which would have been allowable as general average shall be deemed to be general average and so allowed without regard to the saving, if any, to other interests, but only up to the amount of the general average expense avoided.'

The Supreme Court in London held that operating expenses, such as bunkers, crew wages and maintenance, which had been incurred during the period the ransom was being negotiated, would be recoverable as they had been incurred in place of paying a higher ransom.

The Longchamp [20178] UKSC 68

### BRAZIL: COURTS UPHOLD THE 'PAY TO BE PAID' RULE

Lawyers acting for Brazilian cargo underwriters who were awarded a favourable judgment in respect of a cargo claim against a foreign shipowner failed to obtain a declaration that the P&I club in question would be joint and severally liable for the judgement.

The lawyers had obtained a judgment against the shipowner but had failed to enforce it before the shipowner ceased to exist. In the absence of any security, the lawyers subsequently commenced proceedings against the shipowner's P&I club.

Both the first instance court and the Rio de Janeiro State Court of Appeals rejected the lawyers' application. The Court of Appeal relied upon the indemnity (or 'pay to be paid') rule as well as the fact that the P&I club had not been named in the original proceedings.

### BULK CARGOES: PACKAGE LIMITATION NOT AVAILABLE UNDER THE HAGUE RULES

The English Court of Appeal has recently confirmed, in the case of *'THE AQASIA'* that the limitation provisions in Article IV Rule 5 of the Hague Rules do not apply to bulk cargoes. Article IV Rules 5 provides: 'Neither the carrier nor the ship shall in any event be or become liable for any loss or damage to or in connection with the goods in an amount exceeding 100 pounds sterling per package or unit.'

While it was accepted that 'package' must refer to a physical package that was shipped, the shipowners tried to argue that 'unit' could refer to a measurement unit, such as a metric tonne, in the case of a bulk cargo of fishmeal.

The Court of Appeal, however, disagreed and found that 'unit' in the context of the Hague Rules referred to a physical item of cargo, not to a measurement or freight unit.

Vinnlustodin HF and Another v Sea Tank Shipping A/S (*The 'Aqasia'*) [2018] 1 Lloyd's Law Rep. 530







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