UK P&I CLUB

UK DEFENCE CLUB

HELLAS HILIGHTS

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UK P&I AND UKDC ARE MANAGED BY **THOMAS MILLER**

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Efcharis Rocanas
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Club Risk Assessor
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HILIGHTS

WELCOME

Personnel changes

These are undoubtedly challenging times for both Greece and for shipping. One can only hope that matters can be put on a steady footing so that stability and confidence can be restored.

Your office here has also seen some change over the past few months. Unfortunately we have said goodbye to Nick Milner who has relocated to London. Nick has taken over as Manager for syndicate LS2. This syndicate also deals with claims for some of our Greek and London based Members so we expect to see Nick back on a reasonably regular basis.

Marc Jackson has been promoted to Deputy Syndicate Manager and is responsible for the day to day activities in the office. Alexandra Couvadelli has also been promoted to P&I Senior Claims Director and will have an active interest in larger P&I cases going forward. We are also in the process of recruitment and we anticipate having an additional legally qualified person joining our team in September.

The team remains committed to assisting you wherever we can so please do not hesitate to contact me or your usual Club contact should you have any questions or issues.

Daniel Evans
Regional Director
and Club Manager

Hilights is a periodical newsletter from the Thomas Miller Hellas Team.

It covers the latest news and events from the region as well as topical issues affecting our Members.

If you have any suggestions for future issues, please send your comments and ideas to Efcharis Rocanas at **Efcharis.Rocanas@thomasmiller.com**

ENCLOSED SPACES – THE INVISIBLE KILLER

Accidents relating to entry into enclosed spaces on board ships continue to blight the shipping industry, with an unacceptably large number of incidents resulting in the death or injury of both ship and shore personnel reported over the first few months of this year alone. UK Club risk assessor, David Nichol, believes that a paradigm shift is required in the approach to safe management of enclosed spaces so as to arrest the continuing appalling litany of personal tragedy.

It may be instructive to use a couple of examples derived from personal experience to highlight the challenge of managing enclosed spaces. 15 years ago, while working as an independent surveyor, I was carrying out a condition survey on board a Panamax bulk carrier. The scope of the survey included testing the emergency fire pump, located within a 3 metre deep recessed well in the steering flat and accessed by an inclined ladder. Accompanied by the superintendent and the chief engineer, we had no sooner reached the bottom of the space when the chief engineer urgently ordered us all out. By the time we had exited the space, within seconds, we were all in a state of dizziness and confusion, compounded by our inability to comprehend what had just occurred. Further investigation revealed that freon gas had leaked from refrigeration machinery located in the steering flat and being heavier than air, had migrated into the emergency fire pump space, displacing breathable air. It was a very lucky escape. Victims of asphyxiation in enclosed spaces deficient in oxygen will normally receive no such warning that anything is wrong or have the ability to quickly escape.

The question is, should we have been aware that this emergency fire pump space (not being enclosed in the usually perceived sense of the word) was potentially dangerous for entry?

IMO currently define an enclosed space as having any of the following characteristics:

1. limited openings for entry and exit;

2. inadequate ventilation; and

3. (is) not being designed for continuous worker occupancy, and includes, but is not limited to, cargo spaces, double bottoms, fuel tanks, ballast tanks, cargo pump-rooms, cargo compressor rooms, cofferdams, chain lockers, void spaces, duct keels, inter-barrier spaces, boilers, engine crankcases, engine scavenge air receivers, sewage tanks, and adjacent connected spaces. This list is not exhaustive and a list should be produced on a ship-by-ship basis to identify enclosed spaces.

Most could be forgiven for not considering our fire pump space to fall within this definition, although it was clearly proven to present a danger in a particular circumstance.

Another very common example of confusion over what actually constitutes an “enclosed space”, is the inconsistent perception of the dangers presented by CO_2 fixed fire extinguishing system cylinder storage rooms.

There are a number of reported cases of ship and shore personnel losing their lives by uncontrolled entry into CO_2 rooms. A leak in the system may accumulate in the space and displace breathable air if not thoroughly ventilated. Unfortunately, it is frequently found that CO_2 rooms are not identified as enclosed spaces on board and not provided with appropriate warning signs at the space access. More than once I have had to caution a ship's engineer from opening and immediately entering the CO_2 room prior to ensuring that pre-entry precautions were observed and that the space was thoroughly ventilated. However, crew members may easily fail to appreciate that a CO_2 room should properly be included within the aforementioned definition of an enclosed space.

CO_2 room access – No atmosphere hazard warning notice

The crucial but frequently overlooked words are that "(the) list is **not exhaustive**". It is therefore important that ship managers and crew apply as wide an interpretation as possible as to what spaces on board each vessel could potentially be deficient in oxygen, and/or contain flammable and/or toxic gases or vapours, thus requiring safety precautions to be observed prior to entry.

The dangers associated with enclosed spaces are well known. Regulatory authorities, Classification Societies, P&I Clubs and other industry bodies have produced a plethora of information and advice over many years, and yet the death toll continues to be maintained at an alarming level. Reliable statistics are difficult to obtain but it is commonly stated that more deaths occur on board ships in relation to entry into enclosed spaces than any other shipboard working activity.

So why the unremitting high level of casualties? Part of the answer may lie in the aforementioned misconceptions as to what spaces are or may become dangerous, and how they are identified. It may assist if the industry introduced a uniform approach to physical labelling of all enclosed spaces that have been identified in the Safety Management System. At present, there is no industry standard for the design and siting of warning notices and symbols that may be universally understood by ship and shore personnel. Indeed, on many ships, no attempt is made to provide any such labelling at points of access.

Cargo hold access – No warning notices

However, warning notices alone will not overcome the alarming complacency that appears to affect otherwise professional and well trained seafarers when entering enclosed spaces as is often revealed in accident reports. In May last year, three crew members on board the cargo ship "SUNTIS" lost their lives after entering a cargo hold loaded with sawn timber, a cargo known to cause oxygen depletion. Whilst these crew members should have been aware of the hazard requiring the observance of pre-entry precautions, they also appear to have completely disregarded the unambiguous warning notices sited at the hold entrance.

Such complacency is encouraged by crew members coming to view entry into enclosed spaces as routine, reducing their perception of risk and inhibiting their inability to react to changing levels of hazard. The 3 deceased crew members on the "SUNTIS" are likely to have entered the cargo hold numerous times during the course of their duties and they could not perceive that on this fateful occasion anything would be different.

Another part of the solution must also lie in improved levels of education and training of both ship and shore personnel. Reference is made to **IMO Resolution A.1050(27)** "Revised Recommendations For Entering Enclosed Spaces Aboard Ships" adopted in 2011. These recommendations provide, inter alia, that shipowners must adopt a comprehensive safety strategy to prevent accidents on entry to enclosed spaces, and that procedures for enclosed space entry are included among the key shipboard operations concerning safety of personnel and the ship. Competent and responsible persons should be trained in enclosed space hazard recognition, evaluation, measurement, control and elimination, and crew members trained in enclosed space safety. There is a requirement to ensure a risk assessment is conducted to identify all enclosed spaces on board and that a competent person makes an assessment of any potential hazards in the space to be entered. The recommendations also provide that no person should open or enter an enclosed space unless authorized by the master or the nominated responsible person, and unless the appropriate safety precautions laid down for the particular ship have been followed. Entry into enclosed spaces should be planned and the use of an entry permit system, which may include a checklist, is recommended.

Note:
The Paris MOU, jointly with Tokyo MOU, will initiate a Concentrated Inspection Campaign this year (September- November) on crew familiarisation for enclosed space entry.

Despite the training requirements included in the above revised recommendations, IMO have recognised that more needed to be done to respond to the continuing loss of life from personnel entering shipboard enclosed spaces. This has taken the form of amendments to SOLAS regulation III/19 "Emergency training and drills", which entered into force on 1st January, 2015, and requires that enclosed space entry and rescue drills are to be conducted at two monthly intervals. The amendments include the following:

3.6 Enclosed space entry and rescue drills

3.6.1 Enclosed space entry and rescue drills should be planned and conducted in a safe manner, taking into account, as appropriate, the guidance provided in the recommendations developed by the Organization [i.e. **Resolution A.1050(27)**] .

3.6.2 Each enclosed space entry and rescue drill shall include:

.1 checking and use of personal protective equipment required for entry;

.2 checking and use of communication equipment and procedures;

.3 checking and use of instruments for measuring the atmosphere in enclosed spaces;

.4 checking and use of rescue equipment and procedures; and

.5 instructions in first aid and resuscitation techniques.

4.2 Every crew member shall be given instructions which shall include but not necessarily be limited to:

.5 risks associated with enclosed spaces and onboard procedures for safe entry into such spaces which should take into account, as appropriate, the guidance provided in recommendations developed by the Organization".

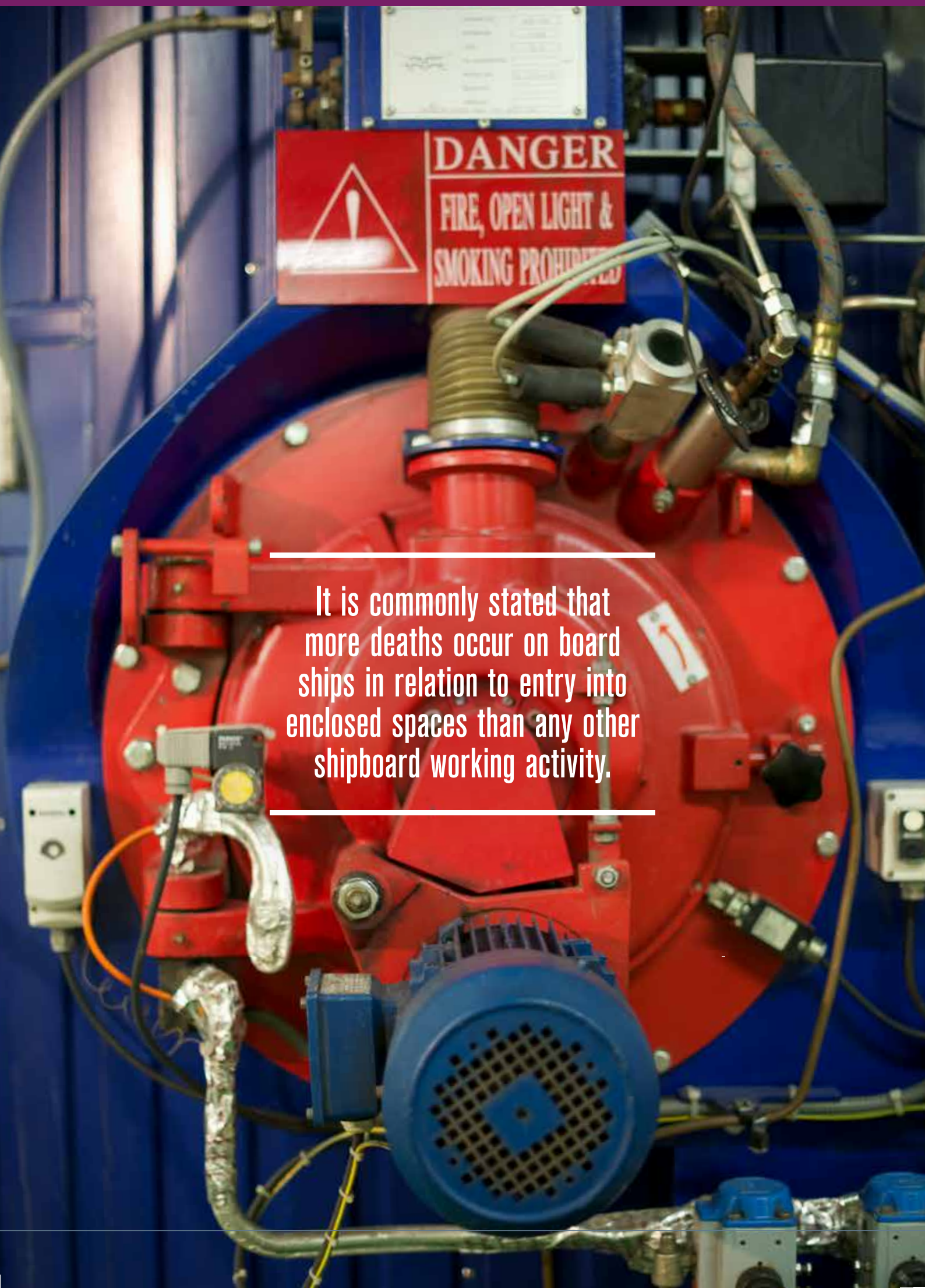
In addition to these welcome changes, IMO have recently seen fit to rectify the anomaly that until now, no industry wide requirements have been in place, requiring all vessels to carry atmosphere testing instruments. Amendments to SOLAS in the form of new regulation XI-1/7 make it mandatory for all vessels to carry portable gas detectors. As a minimum, portable gas detecting instruments will need to be capable of measuring and displaying concentrations of oxygen, flammable gases or vapours, carbon monoxide and hydrogen sulphide. Although the amendments enter into force 1st July, 2016, IMO have invited SOLAS contracting States to implement the new regulation as soon as practical.

For all of this to be effective, it is necessary that ship staff, with the support of shore management, perform mandatory drills, training and actual entry procedures with a dedication and seriousness that reflects the grave dangers that attend enclosed space entry. The performance of risk assessments and Permits to Work should not be approached as a generic paper exercise and must be able to respond to the particular circumstances of the task, e.g., the hazards presented by the particular cargo within a hold space. A Permit to Work must be fully completed and signed off at the site of the task so that it is contemporary and reflects the actual hazard and safety needs of the operation. All too often, Club risk assessors find that permits are being completed on a PC, possibly even after the event. On every occasion before carrying out a job, pre-work meetings or "tool box talks" need to be arranged to identify who does what, the tools needed to identify the risks involved and what to do if something goes wrong.

Drills and training should be properly planned and be used as an opportunity to assess the challenges of rescue from the variously identified enclosed spaces on board, e.g., can they be accessed by persons wearing breathing apparatus? Training should also emphasise to crew the importance of raising the alarm when persons are found to be in difficulty within an enclosed space, and that any rescue is properly coordinated in accordance with practiced procedures. The natural instinct to rush in to help a ship mate is understandable but extremely dangerous. It has been reported that more than half of enclosed space casualties are people who have attempted an ill prepared rescue.

Comprehensive record keeping and interactive post drill de-briefs will assist in identifying any weaknesses in procedures and promote crew ownership of the training programme.

Last but not least, **a zero tolerance** culture to unplanned and unprepared entry into any enclosed space should be rigorously enforced and ingrained into all personnel, on board and ashore.



It is commonly stated that more deaths occur on board ships in relation to entry into enclosed spaces than any other shipboard working activity.

FEATURE

40 YEARS OF PEOPLE CLAIMS

Senior Claims Director, Ernest Foster examines the changing face of people claims

We are all too familiar with the tragic events presently unfolding in the Mediterranean Sea, as refugees try to cross over to Europe from North Africa in unseaworthy and unsafe boats. However, this has similar overtures to the Vietnamese boat people of the late 1970's (when after the Vietnam War and especially during 1978-1979 but continuing until the early 1990's, approximately 800,000 boat people arrived safely in other countries seeking refugee/ asylum status). Unfortunately, many boat people failed to survive the passage, facing danger and hardship from pirates, over-crowded boats and storms. For the latter perils substitute today's exodus from North Africa as being fuelled by people smugglers out to make a quick profit from desperate people.

Sadly, another exodus appears to be on the way from Rohingya; Muslims fleeing from Myanmar/Bangladesh and heading for Indonesia, Malaysia and Thailand. Thousands are reported to be stranded in boats after being abandoned by human traffickers.

Cases of piracy off the Coast of Somalia have been well documented in the last 10 years. While this area has recently seen a dramatic decrease in the number of incidents - due to a Combined Task Force establishing a Maritime Security Patrol Area within the Gulf of Aden, and to the employment of armed guards on board merchant ships - attacks continue off the West Coast of Africa, especially in the Gulf of Guinea. It is mainly cargo, especially oil cargoes, which are being targeted by pirates.

However another area which is now beginning to cause concern by way of pirate attacks is the South China Seas, where small oil product tankers of less than 5,000 dwt are targeted. Cargo is being stolen and sold on to local fishermen.

Incidents involving stowaways gaining access to ships have and still continue to cause problems. So not much has changed in this respect. However, attitudes of Immigration Authorities throughout the world have considerably hardened resulting in a general lack of co-operation to document and repatriate stowaways back to their country of origin. Gone are the days when Consular/Embassy officials were prepared to interview a stowaway by telephone, now

I am often asked to comment on material changes that have occurred in People Claims over the past 40 or so years. Whilst there has been several developments with regard to personal injury claims over this period of time; **the question remains whether some of the developments we see today are different from years ago. The answer is probably both yes and no.**

requiring to interview the stowaway in person. This often results in a Consular official travelling to the ship prior to any emergency travel papers being issued, thus increasing costs all round.

A further worrying development with regard to stowaways, is that at the Port of Ruwais (a town West of Abu Dhabi, U.A.E.) a ship with a stowaway on board was refused permission to berth. Reasons of security were sighted for the actions of the local authorities. This was despite owners' offering to employ security guards during the period the ship remained on the berth. Disembarkation at the anchorage was also refused and owners were basically instructed to sail the vessel away from Ruwais, landing the stowaway at another port prior to returning to the U.A.E. Obviously, this is a concerning issue and only adds to the difficulties and frustrations encountered when trying to deal with this type of problem.

Over the past several years, one significant change has seen "People Claims" overtake cargo as the primary expenditure on the Club. Personal injury claims are presently running at approximately 32% of all claims brought to the attention of the Club and between policy years 2004-2013, this equates to a US$415 million outlay. While it is true the number of claims over the years has decreased, by 40% compared to a decade ago, the average cost of claims continues to increase and is now 20% higher than 5 years ago with people claims costing almost twice what they did a decade ago. For example, a death case is now likely to incur US$100,000 (and often more) in expenditure. But why is this?

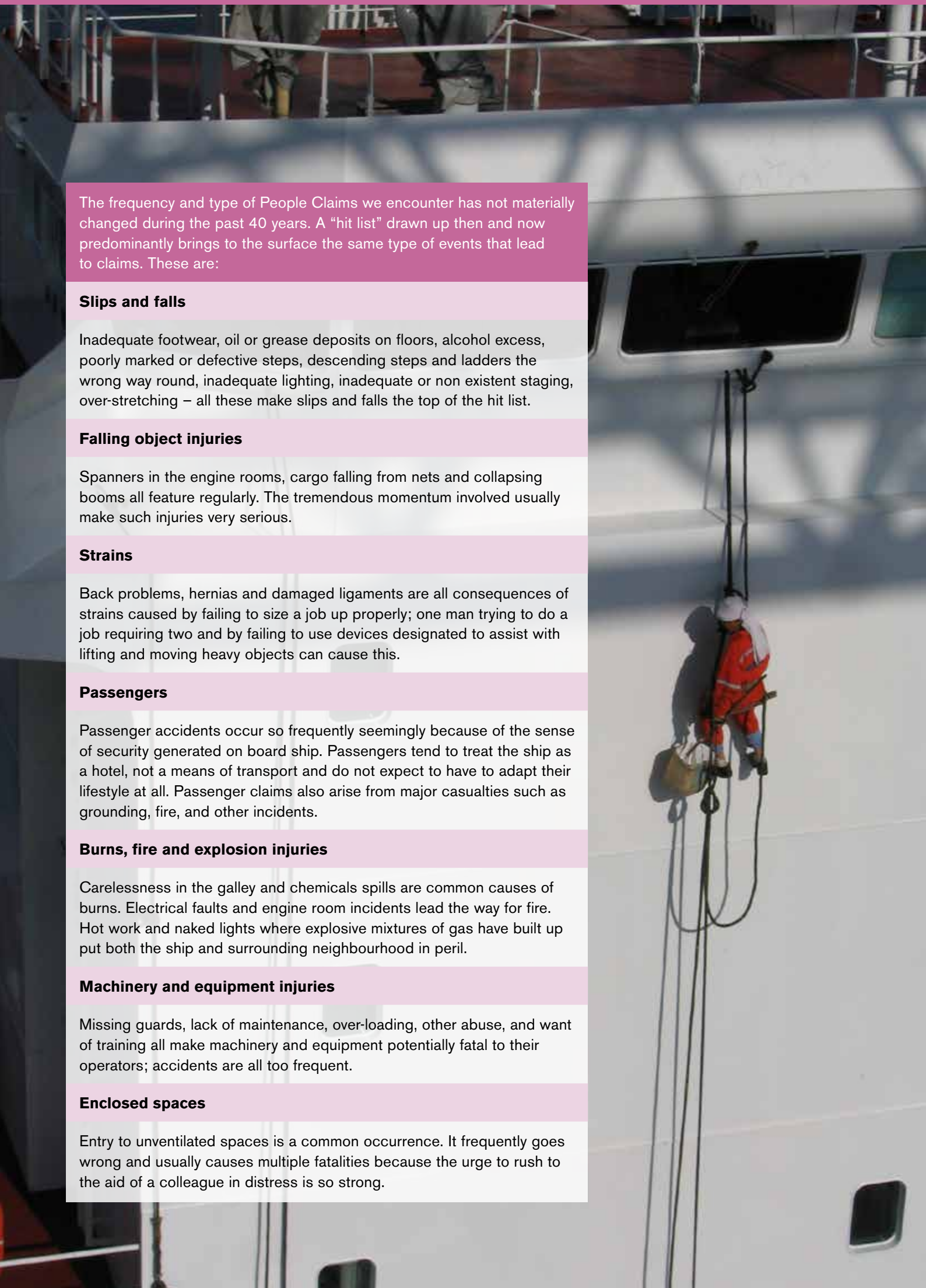
Certainly the introduction of Collective Bargaining Agreements (CBAs) has had an impact on the cost of crew claims. Under CBAs, final compensation is based on a sliding scale for disability as well as a set amount in respect of death claims. These figures are based on a crew member's basic wage, which over the years has in itself increased. Advances in the world of medicine have also meant many fatalities of decades ago now result in crew surviving their injuries, thus increasing costs in relation to hospital stay and recovery periods.

40 YEARS OF PEOPLE CLAIMS (continued)

Loss Prevention Bulletins as well as our own PEME program have also had an impact in reducing reported claims. Appointed designated clinics for a pre-employment medical examination (PEME) are monitored / audited to maintain the standards expected from them. Fit crew are sent to join a ship with a copy of their medical report and the original Fitness for Duty Certificate, once all medical checks have been performed. If a crewmember is temporarily unfit, then the clinic will advise what the crewmember needs to do in order for them to be declared fit for sea duties. They can then return to the clinic for another test. Over the years this program has proved its worth and continues to do so. It should come as no surprise to find that the majority of personal injuries sustained on-board ship are suffered by crewmembers themselves. Stevedores, surveyors, pilots and passengers also suffer injuries, but not on anything like the same scale. Slips and falls are by far the largest category of accidents, giving rise to personal injury claims; well over a third of these accidents are attributable to the want of care and attention on the part of the injured parties themselves. By their varying nature, ships are dangerous environments and it is absolutely essential that crews do not become complacent of the dangers which confront them. A constant review of safe working practices should be on the agenda of every team meeting and the guidelines for every task planned and undertaken. This is especially relevant in today's climate, whereby interaction between an owners' office and ship should be shown to be seamless. To begin to defend unwanted claims, there is a need to show the culture in place between office and ship is as one.

When considering how to approach accident investigations, I often start from the position "there is no such thing as an accident" and that every accident is avoidable and every contingency can be anticipated if you consider it long enough. This is particularly true in the hostile environment of working on board a ship. Energies should be channelled into establishing what went wrong so that, hopefully, it will not happen again. Safety is now very high on everyone's agenda, not only due to the most important reason of preventing injuries and death, but to also prevent downtime and loss of revenue, because of its high profile and political nature.

So, what changes will we be seeing regarding People Claims over the next 40 years? Who knows, but be prepared for more of what we have seen in the previous 40 years.



The frequency and type of People Claims we encounter has not materially changed during the past 40 years. A “hit list” drawn up then and now predominantly brings to the surface the same type of events that lead to claims. These are:

Slips and falls

Inadequate footwear, oil or grease deposits on floors, alcohol excess, poorly marked or defective steps, descending steps and ladders the wrong way round, inadequate lighting, inadequate or non existent staging, over-stretching – all these make slips and falls the top of the hit list.

Falling object injuries

Spanners in the engine rooms, cargo falling from nets and collapsing booms all feature regularly. The tremendous momentum involved usually make such injuries very serious.

Strains

Back problems, hernias and damaged ligaments are all consequences of strains caused by failing to size a job up properly; one man trying to do a job requiring two and by failing to use devices designated to assist with lifting and moving heavy objects can cause this.

Passengers

Passenger accidents occur so frequently seemingly because of the sense of security generated on board ship. Passengers tend to treat the ship as a hotel, not a means of transport and do not expect to have to adapt their lifestyle at all. Passenger claims also arise from major casualties such as grounding, fire, and other incidents.

Burns, fire and explosion injuries

Carelessness in the galley and chemicals spills are common causes of burns. Electrical faults and engine room incidents lead the way for fire. Hot work and naked lights where explosive mixtures of gas have built up put both the ship and surrounding neighbourhood in peril.

Machinery and equipment injuries

Missing guards, lack of maintenance, over-loading, other abuse, and want of training all make machinery and equipment potentially fatal to their operators; accidents are all too frequent.

Enclosed spaces

Entry to unventilated spaces is a common occurrence. It frequently goes wrong and usually causes multiple fatalities because the urge to rush to the aid of a colleague in distress is so strong.

FEATURE

With the announcement in 2014 that Worldscale Association would review the fixed rate differentials 1 and 2 relating to the ECA fuel requirements, Claims Executive Efcharis Rocanas takes a look at the history of Worldscale and the impact of the changes.

WORLDSCALE

I) Worldscale – What is it?

Worldscale, or "Worldwide Tanker Nominal Freight Scale", is a point of reference intended to assist the parties trading oil tankers' cargo to conduct their business. Rates for voyages are calculated in accordance with a standard calculation and revised in accordance with an established procedure. When using worldscale rates, there are fixed and variable differentials which must be taken into consideration.

Worldscale is produced by Worldscale Association (NYC) Inc. for the Americas and by Worldscale Association (London) Ltd. for the rest of the world, hereafter "the Associations". The freight for a given ship and voyage is expressed as a percentage of the published rate and is intended to reflect the freight market demand at the time of fixing.

The rate calculations are made in USD and are per tonne for a full cargo, for the standard vessel, based on a round voyage from loading port(s) to discharging port(s) returning to the first loading ports using standard factors:

Standard Vessel
Port Time
Fixed Hire Element
Bunker Prices
Port Costs
Canal Transit Time

Worldscale is recalculated once every twelve months and revised rates are effective from 1st January of every year. They reflect changes in bunker prices, port costs, and market demands for types of vessels and types of cargo etc. The variables used will be those collated by the Associations in the light of up to date information available to them up to the end of September prior to the effective date.

Worldscale, or "Worldwide Tanker Nominal Freight Scale", is a point of reference intended to assist the parties trading oil tankers' cargo to conduct their business.

The scale comes from the merger which occurred in 1969 of a detailed table, created by the London Tanker Brokers' Panel, (established in November 1952, the request of BP and Shell, as an average total cost of shipping oil from one port to another by ship) with the American Tanker Rate Schedule. By 2002, the table included the average cost of 320,000 voyages and alternatives from one load and one discharge port, to five loads and ten discharge ports.

The Associations are controlled by a management committee of senior brokers, from leading tanker broking firms, in London and New York respectively. Worldscale is available by subscription on an annual basis. The fee entitles the subscriber to the schedule, to notices of all amendments and gives him the right to request rates for any voyage not shown in the Schedule.

In negotiating the rate of freight, the table is referred to as WS100 or 100% of Worldscale. The actual price negotiated between the shipowner and the charterer can range from 1% to 1000% and is referred to respectively as WS1 to WS1000, depending on how much profit (or at times loss) the former is willing to take on that voyage, and how much the latter is willing to pay.

WORLDSCALE (continued)

II) Some History – The Origin of Worldscale and its Evolution

A) The Origin of Worldscale – WWII

This system originates from the Second World War. Before the war, freight rates for tanker voyage charters were expressed in dollars or shillings and pence per long ton. This meant that when a charterer required multiple loading or discharging options, it was necessary to negotiate many freight rates. During the war, the British and then the US governments requisitioned shipping, and Owners received compensation on the basis of a daily hire rate.

On some occasions, however, the major oil companies were able to charter requisitioned tankers on a voyage basis from the government, for their private use. On such occasions, the oil companies paid freight to the government concerned. The rate of freight, which was dependent upon the voyage performed, was determined in accordance with a scale or schedule of rates laid down by that government. These rates were calculated in order to ensure that, after allowing for port costs, bunker costs and canal expenses, the net daily revenue was the same for all voyages. This marked the birth of the principle for tanker rate schedules, which establishes that the Owners should receive the same net daily revenue irrespective of the voyage performed.

B) The Evolution of Worldscale post WWII

Government control of shipping continued until 1948. By this time the tanker trade had come to recognise the advantages of freight rate schedules in the free market, and so further evolved this system of negotiating by way of "MOT" *(the British Ministry of Transport gave rates effective 1st January 1946 and this schedule became known simply as "MOT")*. An American equivalent also evolved named "USMC" *(last rates to be issued by the United States Maritime Commission, which took effect from 1st February 1946.)* These rates were plus or minus a percentage as dictated by the supply and demand position in the market.

Between 1952 and 1962 a number of different schedules were issued as a service to the tanker trade by non-governmental bodies; (Scales Nos. 1, 2 and 3 and then Intascale in London, ATRS in New York). In 1969 the joint London / New York production of the scale was launched (to replace both Intascale and ATRS), and was named the "Worldwide Tanker Nominal Freight Scale", more colloquially referred to as simply "Worldscale".

The word "nominal" emphasises that, during the period of government control, the schedule rates were intended to be used as actual rates. Later, freely negotiated percentage adjustments to the scale rates determined the actual rate used for the payment of freight. It became the custom to express market levels of freight in terms of a direct percentage of the scale rates (instead of a plus or minus percentage.) This method is known as "Points of Scale".

Worldscale 100 means 100 points of 100 per cent of the published rate or, in other words, the published rate itself, sometimes referred to as "Worldscale flat", while Worldscale 250 means 250 points, or 250 per cent of the published rate. Similarly Worldscale 30 means 30 points, or 30 per cent of the published rate.

C) Old Worldscale and New Worldscale
"New Worldscale" was introduced with effect from 1st January 1989. The "new" was dropped and now it is generally understood that "Worldscale" refers to the new scale, while the previous scale is called "Old Worldscale".

It was only when a replacement for Old Worldscale was being considered that a systematic attempt was made to establish the size of standard vessels, and the relevant daily hire element that would provide the best practicable basis for a scale. It was concluded, from the results of these exercises, that a standard vessel with a carrying capacity of 75,000 tonnes (Panamax size) and a daily hire element of $12,000 was likely to provide such a basis for a scale to be used during the 1990s.

III) Worldscale and ECA Fixed Rates – An illustration of reviews

Emission control areas (ECAs) are areas in the sea where stricter controls have been established to minimise airborne emissions from ships, as defined by the Protocol of 1997 (MARPOL Annex VI), which included the new Annex VI of MARPOL 73/78, entering into force on 19 May 2005. These regulations stemmed from concerns about the contribution of the shipping industry to air pollution, and the potential of impact on the environment. The Annex has since been revised and enforced with significantly tightened emissions limits. This has led to the production of high and low sulphur fuel oils, diesel oils and gasoils.

Current ECA's are defined as follows;
the BALTIC SEA,
the NORTH AMERICAN ECA (including most of the US)
the CANADIAN COAST and
the US CARIBBEAN ECA

Further areas may be added via the protocol defined in Annex VI.

A) The Incorporation of ECAs into Worldscale
ECAs, are incorporated into Worldscale by fixed differential based upon miles steamed within the ECA. The fixed rate differential, set out by Worldscale, is for both ballast and laden legs of voyages in the zone. The element which is up for review is the difference between what shipowners have to pay for marine gasoil, which is an amount reported to be significantly smaller than the compensation they received from charterers in line with the Worldscale differential.

The Associations calculate their bunker prices for the following year at the end of each year, however, there is no interim review, even if there is a large deviation in bunker prices, as is the case today.

B) The 2015 Review of the ECA Fixed Rate Differentials, Following Falling Bunker Prices
In October 2014, it was announced that the Worldscale Association would review the fixed rate differentials 1 and 2 relating to the ECA fuel requirements for 2015 for the Baltic and North Sea ECA and North America and Caribbean ECA areas, which came into force on the 1st January this year.

The Association had announced a new fixed differential of $48.35 per nautical mile for vessels sailing in the Northwest European ECA zone. This represents the extra cost of burning 0.1% gasoil within the zone compared with the 380 CST fuel oil grade delivered basis Rotterdam used to calculate Worldscale flat rates. The differential for the North America and Caribbean zone was $65.31 per mile.

In March 2015 a Worldscale circular stated: *"Due to the recent fall in fuel prices, it is expected that the differential values for both the North American and Caribbean ECA and the Baltic and North Sea ECA will fall. The differentials will be revised by circular, anticipated to be published on the 10th April and will be effective from that date. It should be noted that a review of ECA differentials will take place quarterly for 2015 and where significant revision is required a circular will be issued,"* (http://www.platts.com/)

As a principle, interim revisions are confined to those thought necessary in the judgement of the Associations. The reported disproportionality between what shipowners pay for operating in the fixed rate differential set out by Worldscale for ballast and laden voyages in ECA zones and the compensation they received from charterers in line with the Worldscale differential was reviewed in April. As per Circulars 15 and 16 with Effective Date (for both) 10 April 2015 the fixed rate differential values for the Baltic Sea and North Sea ECA fell to USD 33.00 per mile and the North American ECA fell to USD 50.03 per mile.

The above amendments are effective for all voyages on which loading is commenced on or after 10th April 2015. *

INSIDER INSIGHT

INSIDER INSIGHT

Introducing Tania Bourla – the new junior underwriter for Greece and Cyprus

I started working for Thomas Miller in October as a Junior Underwriter under the guidance of Mark Mathews and Paul Collier. I have now completed my first 8 months servicing the P&I and Defence Clubs' Greek membership.

I fully appreciate that there are many reading this article that have not yet met me. To give you a little background about myself, I became involved in the Shipping industry about 6 years ago, after graduating from University of Piraeus with a degree in Shipping. On relocating to London I spent my first year studying Maritime Law. When I completed my LLM, I joined the broking firm Tysers, where I immediately became involved in the Greek book of their business, due to my background. I then spent the next 3 years being exposed to all types of marine insurance, but mainly H&M and P&I, from the early stages of a new enquiry until the placing in the Lloyd's market, which I thoroughly enjoyed.

I must admit that reading about Lloyd's and its history compared to actually being a part of it, is a completely different thing. When I first got my Lloyd's pass, I spent most of my time asking the junior-looking members of staff who the Underwriter was, so I could get the simplest of endorsements scratched.

I joined Thomas Miller when the renewal negotiations had started to build up, which was an exciting, but also challenging time for me. Facing a renewal so soon in a new environment proved to be very demanding, but there is nothing better than familiarising yourself with the day to day business requirements during a challenging and stressful period!

I hope to meet as many of you as possible over the coming months.

Contact Details

Senior Management and Underwriting

Hugo Wynn-Williams	Chairman & CEO	+44 20 7204 2144	hugo.wynn-williams@thomasmiller.com
Daniel Evans	Regional Director / Club Manager	+30 6944 791 623	daniel.evans@thomasmiller.com
Paul Collier	Senior Underwriting Director	+44 20 7204 2063	paul.collier@thomasmiller.com
Mark Mathews	Senior Underwriting Director	+44 20 7204 2069	mark.mathews@thomasmiller.com
Tania Bourla	Junior Underwriter	+44 20 7204 2087	tania.bourla@thomasmiller.com

Hellas 1

Marc Jackson	Deputy Syndicate Manager	+30 210 458 5228	marc.jackson@thomasmiller.com
Alexandra Couvadelli	Claims Director	+30 210 458 5215	alexandra.couvadelli@thomasmiller.com
Ernest Foster	Claims Director	+30 210 458 5226	ernest.foster@thomasmiller.com
Panagiotis Alikaris		+30 210 458 5220	takis.alikaris@thomasmiller.com
Christos Aporellis		+30 210 458 5217	christos.aporellis@thomasmiller.com
Cedric Chatteleyn		+30 210 458 5225	cedric.chatteleyn@thomasmiller.com
Alec Kyrle-Pope		+30 210 458 5214	alec.kyrle-pope@thomasmiller.com
Evangelos Nomikos		+30 210 458 5213	vangelis.nomikos@thomasmiller.com
Eleni Nomikou		+44 20 7204 2163	eleni.nomikou@thomasmiller.com
Efcharis Rocanas		+30 210 458 4212	efcharis.rocanas@thomasmiller.com
Costas Zoidis		+30 210 458 5229	costas.zoidis@thomasmiller.com

London Syndicate LS2

Nick Milner	Syndicate Manager	+44 20 7204 2128	nick.milner@thomasmiller.com
Michael Cox		+44 20 7204 2123	michael.cox@thomasmiller.com
Christopher Karageorgis		+44 20 7204 2217	christopher.karageorgis@thomasmiller.com
Jeff Lock		+44 20 7204 2119	jeff.lock@thomasmiller.com
Erriketi Metheniti		+44 20 7204 2342	erriketi.metheniti@thomasmiller.com
Adam Russ		+44 20 7204 2109	adam.russ@thomasmiller.com

London Syndicate LS3

John Turner	Syndicate Manager	+44 20 7204 2507	john.turner@thomasmiller.com
Stephen Michaels		+44 20 7204 2518	stephen.michaels@thomasmiller.com
Tony Nicholson		+44 20 7204 2564	tony.nicholson@thomasmiller.com

UK P&I CLUB

UK DEFENCE CLUB

Thomas Miller P&I Ltd –London
Tel: +44 20 7283 4646 Fax: +44 20 7283 5614

Thomas Miller (Hellas) Ltd –Piraeus H1
Tel: +30 210 42 91 200 Fax: +30 210 42 91 207/8

Thomas Miller (Americas) Inc –New Jersey
Tel: +1 201 557 7300 Fax: +1 201 946 0167

Thomas Miller (Hong Kong) Ltd –Hong Kong
Tel: + 852 2832 9301 Fax: + 852 2574 9954

www.ukpandi.com / www.ukdefence.com