

UK P&I CLUB



UKDC
UK DEFENCE CLUB

HELLAS HIGHLIGHTS

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

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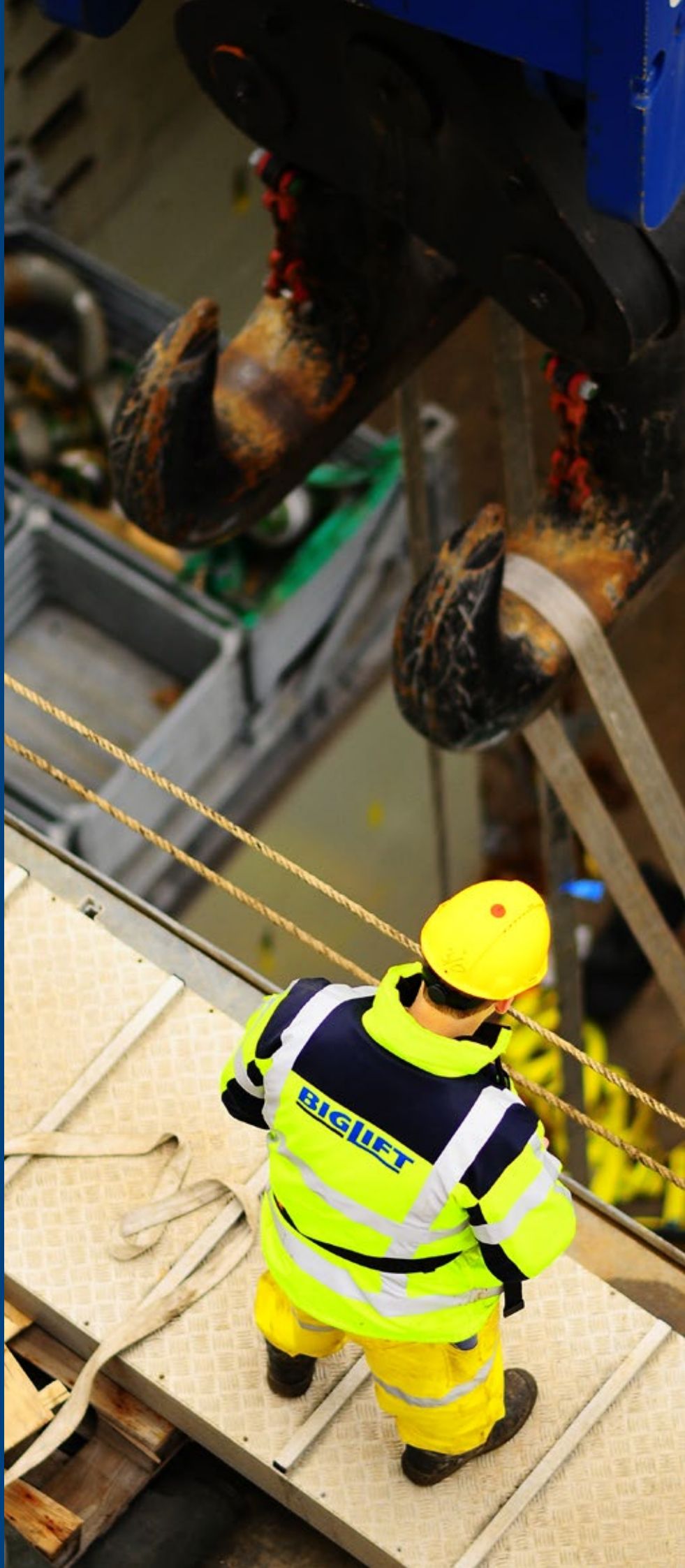
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HIGHLIGHTS

WELCOME

Καλοκαιρινό Καλωσόρισμα

Since our previous publication much has happened. Another successful Posidonia, some surprising political developments and an end to potential P&I merger discussions.

We had the pleasure of seeing many of you in person at various open days – ours included – and events that took place around Posidonia some of which we have captured photographically within this bulletin.

I hope that you enjoy this issue of Highlights. If you should have any questions regarding any of the articles, please do not hesitate to contact me or any member of the team.

Finally, I would like to take this opportunity to wish all our Readers: **Καλό καλοκαίρι!**

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**

LOSS PREVENTION

PACK IT RIGHT...



Thomas Miller Hellas' resident Risk Assessor David Nichol looks at the safe carriage of dangerous goods in containers.

The International Group of P&I Clubs and the shipping line members of the Cargo Incident Notification System (CINS) have recently produced a new set of guidelines for the carriage of calcium hypochlorite in containers. UK Club risk assessor, David Nichol, discusses why it was considered necessary to update guidance for a cargo with a history of being implicated in ship fires as well as the wider problem of the mis-declaration of dangerous goods.

If a fire breaks out at sea, the crew do not have the option of simply evacuating the building and waiting for the fire brigade to turn up. The crew have to deal with it themselves. Locating the exact source of a fire on board a fully laden container ship and fighting it with the limited manpower and resources available is a daunting task for the crew. It is imperative for the safety of the ship and crew that all necessary steps are taken to handle and stow dangerous goods in such a way that reduces the risk of an emergency incident and that in the event of fire, the crew have the information they need to respond quickly with the appropriate fire fighting measures. To enable this, a ship's master must be provided with a correct, universally recognised description of the goods and the potential hazards they may present.

During David's time as a ship surveyor, he was involved in the investigation of a violent explosion and fire on board a container ship transiting the Mediterranean Sea. The incident led to the deaths of a number of crew members and caused extensive structural damage to the ship. It was determined that the explosion was the result of inflammable gas within one of the holds which was ignited by the crew performing maintenance on deck. The gas had leaked from a number of containers stuffed with Expandable Polystyrene Beads, which may not seem particularly hazardous to the layman but is a material containing heavier than air pentane capable of being released during storage. Although this was a cargo requiring particular carriage requirements and precautions, it had not been properly declared or labelled as such by the shipper.

Ship owners have always faced the possibility of shippers presenting goods that are unsafe for sea

carriage. It is an established principle in maritime law as enshrined in the Hague Visby Rules that a shipper is under a duty not to load dangerous goods without the carriers knowledge and consent. The master of a ship cannot be an expert in this respect and his practical ability to assess the safety of a commodity is heavily reliant upon its description as furnished by the shipper and its apparent external markings and condition.

If a fire breaks out at sea, the crew do not have the option of simply evacuating the building and waiting for the fire brigade to turn up.

Shipping cargo in closed containers, which may be stuffed at locations remote from sea ports well beyond the control of the carrier means that the master is as dependent as ever upon the accuracy of the cargo description.

The IMDG Code

All dangerous goods must be carried in accordance with the provisions of the International Maritime Dangerous Goods (IMDG) Code, being a comprehensive set of globally accepted rules that enables packaged dangerous goods to be carried safely by sea. As around 10% of all container cargoes constitute dangerous goods, virtually all container ship services fall within the scope of the Code. The Code requires the shipper to provide a description of the product and classification of any hazards such as toxicity or flammability. It sets limits on the type and size of packaging, specifies warning marks and labels, establishes rules for co-loading in one container and describes a system of documentation that requires shippers and packers to certify in writing that they have followed the rules of the Code. Additionally, there are provisions for correct stowage and emergency instructions



for dealing with dangerous goods incidents on board ship. The IMDG Code enables the carriage of dangerous goods to be acceptable under managed risk conditions and, provided the ship is fully aware of the hazard, the packaging is adequate and intact and the stowage and segregation is carried out in accordance with the Code, the ship should be able to deal with an unexpected incident.

Why do incidents occur?

It is not usually the product itself but the failure to comply with the IMDG Code that causes incidents. Calcium hypochlorite, has a known history of causing serious incidents on board ships but is by no means the only cargo which has an unenviable reputation. The following factors contribute, either individually or in combination to cause incidents:

- Mis-declaration or non-declaration by shippers
- Quality and selection of packaging
- Provision and accuracy of documentation and labelling
- Professionalism of the container packing process
- Human factors – regional, cultural and company attitudes to good practice and compliance
- Unchecked irregularities in the product production process
- Mis-handling or dropping containers

A shipper may mis-declare dangerous goods either as a deliberate attempt to deceive or out of ignorance. An intentional mis-declaration by way of describing the cargo as a product which would ordinarily be considered harmless may be made to avoid additional freight charges or the more strict carriage requirements prescribed in the IMDG Code.

Analysis of data captured by CINS over the period 2013-2014 indicates that 27% of incidents in terms of detected causation were attributable to cargo being mis-declared, second only to poor packaging (CINS membership includes almost 70% of the global container slot capacity).

The failure of shippers to properly declare dangerous goods is a continuing challenge for ship owners and has been a significant contributory factor in a number of high profile shipping casualties involving loss of life and severe structural damage, not to mention numerous lower intensity incidents and near misses. Worryingly, the IG Clubs have in recent years observed an apparent increase in container fires involving calcium hypochlorite which, in the majority of cases was found by investigation to have been mis-declared by shippers.

Calcium Hypochlorite

This is a chemical used extensively for purifying water supplies, as a disinfectant in swimming pools and as bleaching agent, carried as a white or yellowish solid in powder, granule or tablet form. Calcium hypochlorite is an oxidizing agent and is designated a Class 5.1 oxidiser in the IMDG Code. However, it is also unstable and undergoes exothermic decomposition at elevated temperatures, releasing chlorine, oxygen and heat or in the presence of impurities such as powdered metals or certain organic compounds. The rate of decomposition increases with temperature and is exacerbated where heat is not able to escape from within the material. The release of heat and oxygen in a self-accelerating reaction has resulted in serious fires and explosions, with the oxygen sustaining and intensifying any fire already caused by the decomposition reaction. The release of toxic gaseous chlorine is also an additional hazard to personnel.

There are varying descriptions for calcium hypochlorite with corresponding separate UN numbers as listed in the IMDG Code. However, calcium hypochlorite may be mis-declared as calcium chloride and other names encountered have included BK Powder, bleaching powder, CCH, disinfectant, Hy-chlor, Chloride of lime or Chlorinated lime. It is a requirement of the IMDG Code that cargoes are declared by their "Proper Shipping Name", to combat issues of mis-declaration. Calcium hypochlorite is a Proper Shipping Name and as such should only be carried under that name with the appropriate UN number.

The new guidelines for the carriage of calcium hypochlorite in containers are the result of working groups set up by the IG Clubs and CINS members sharing their views and experience and undertaking a thorough review of the previous FAQ's produced by the IG Clubs in 2010. The guidelines can essentially be considered "IMDG Code plus precautions" in that they include selected provisions from the IMDG Code plus additional precautions consistent with advice from consulting scientists. It is hoped that these new guidelines will be seen as providing a clearer and more logical step by step guidance from issues surrounding cargo hazards, categorisation under the IMDG Code, container selection, container packing and stowage on board ship.

A copy of the new guidelines is available on ukpandi.com in Circular 10/16. If you would like more information on this topic or additional Loss Prevention advice please contact the Loss Prevention department lossprevention.ukclub@thomasmiller.com.

OUT & ABOUT



VA VA VOOM IN VARI

The Thomas Miller Annual Go-Karting Event





Our annual Go-Kart event took place on May 12th, at the Speed Force racetrack, in Vari, where many of our Members joined us for an evening of racing.

The evening started with the participants being divided into 3 groups of 10 drivers, who each drove a 5 course familiarisation lap followed by 5 timed laps which would determine their starting grid positions for the actual race. The first group completed this without incident but just before the second group finished its timed laps (literally on the last lap) a short but mighty storm broke out, resulting in the temporary closure of the track.

Fortunately, this coincided with the arrival of the food, so the track manager's advice to wait 15 minutes to see if the track would dry sufficiently to allow the competition to continue was not catastrophic. Following this unscheduled intermission, a couple of brave souls ventured out to test the track at around 21:00hrs but, as evidenced by the numerous spins, it had not dried out sufficiently to allow competitive racing at that point!

It was reluctantly agreed that the race could not safely continue and that the first/second/third places would be decided according to the best-recorded lap time. Mr Harry Vafias of Stealth Maritime Corporation S.A. was this year's winner. The awards ceremony ensued during which the champion accepted the winner's trophy and ensured that those in the audience who had escaped the rain were appropriately soaked with champagne. Prizes were also awarded for "dressed to impress" (ladies winner Eva Ioannidou for her reluctance to spoil her hairdo by wearing a crash helmet, male winner Sophocles Souloutziadakis of TMS for his wet t-shirt style, having been at the furthest point from the clubhouse when the rain hit). None of the ladies had been able to record lap times so the Ladies Race was decided by the time honoured "flip of a coin" method, the lucky recipient being Efcharis Rocanas. The track eventually dried out enough to allow further racing to resume.

We look forward to welcoming you to our next rendezvous on the racetrack.

OUT & ABOUT



101



countries

22,366



visitors

1,825



exhibitors

POSIDONIA 2016: MORE THAN JUST A SET OF PARTIES!

At the end of another Posidonia, we look back at the week of extensive networking, exhausted days in the office and glamorous events.

Posidonia 2016 is described as the biggest ever in terms of exhibitors, countries and visitors. The Metropolitan Expo Centre, next to the Athens International Airport, was booming with vital established players in the shipping sector and with numerous start-ups.

As always, we held our customary open day event for our Members, correspondents, lawyers and more. The office was filled throughout the day by many respected guests who enjoyed food and drink with a lovely view of the buzzing port of Piraeus.

We thank you all for attending and see you in 2018!





TACKLING CARGO LIQUEFACTION

In recent years the shipping world has experienced a number of incidents which have been attributed to liquefaction of cargoes of iron ore fines and nickel ore, which are frequently presented for loading in a dangerous condition. The consequences of loading such cargoes in an unsafe condition can be catastrophic, Claims Executive Christopher Karageorgis looks at the dangers of cargo liquefaction and the steps Members can take to mitigate the risk.

At the beginning of 2015, the dangers of shifting cargoes were once again in the news due to the loss of the 10-year-old Bahamas flag bulk carrier Bulk Jupiter, which was carrying bauxite when it rapidly sank leading to 18 fatalities, an incident which was thought to be caused by the cargo liquefying. The issue of liquefaction remains high on the UK Club's Loss Prevention agenda.

Solid bulk cargoes such as unprocessed mineral ores and refined mineral concentrates have certain characteristics that, although they may appear to be in a dry, granular state upon loading, may contain enough moisture to become fluid under the compaction and vibration that occur during a voyage. The resulting cargo shift can be sufficient to capsize a vessel.

A, B or C?

The International Maritime Solid Bulk Cargoes Code (IMSBC Code) sets out the internationally agreed provisions for the safe stowage and shipment of solid bulk cargoes, including cargoes that might liquefy.

The IMSBC Code classifies cargo into Group A, B and C cargoes.

- Group A Cargo: cargo that may liquefy if shipped at a moisture content in excess of its transportable moisture limit ("TML"), such as mineral ores and mineral concentrates;
- Group B Cargo: cargo that may possess chemical hazards
- Group C Cargo: cargo that is neither liable to liquefy nor does it possess chemical hazards.

Group C cargoes have been known to exhibit Group A cargo characteristics - especially when wet. Nickel ore, iron ore fines and bauxite for instance, have all exhibited liquefaction properties despite being originally unclassified or listed as Group C cargoes.

Nickel Ore

- Has been referred to as "The Deadliest Cargo"
- Nickel ore carriage represents just 0.06% of world trade since 2010, but has resulted in 80% of deaths at sea
- Previously unclassified, following 02-13 IMSBC Amendments now classed as Group A
- High clay content, therefore substantial proportion of fines greater than 7mm
- Main exporters: Philippines, Indonesia and New Caledonia.

Iron Ore Fines

- IMSBC Code Amendment 03-15 classified as a Group A cargo (enters into force 1 January 2017)
- Main exporters: Philippines, Brazil, Australia, Ukraine, West Africa and India
- Foreign surveyors are not allowed in Philippines – have to rely on local labs and surveyors.

Bauxite

- Presently classed as Group C cargo
- Some Chinese end users have changed their bauxite cargo specifications so that lumps larger than 100mm are excluded from shipment
- Export mines have been known to sieve the ore by washing it through rotary sieves – further increases the moisture content of the cargo.

What can be done to prevent liquefaction?

1. Sampling and Testing

The TML test of any cargo to be loaded should be conducted within 6 months to the date of loading for homogenous material where no change in physical characteristics would be expected. Moisture Content (MC) testing and sampling should not be carried out more than 7 days prior to the date of loading. These timings are the mandatory intervals between sampling and loading and must be strictly adhered to. If it has rained during these periods, further re-sampling / testing is required.

However, there are no mandatory procedures for carrying out TML tests; the guidelines for carrying out the Flow Moisture Point (FMP) test (90% of TML) are only recommendatory as set out in Appendix 2 of the IMSBC Code. Furthermore, the most widely used method for determining FMP, the flow table test, is not always suitable.

Other issues with sampling and testing:

- Not enough competent surveyors or independent labs in certain countries
- Access to stockpiles of ship's appointed independent surveyors restricted in certain areas
- Access to full depth sampling of stockpiles often restricted.

How are these issues addressed?

Following the IMSBC Amendments 02-13, changes have been put in place to address these issues.

- Signed certificates of TML and MC must be issued by an entity recognised by the Competent Authority (CA) who is to be independent from the shipper.

The reality is, however, that even though they are supposed to be independent they are appointed by the shipper and are often biased in favour of them.

- The Shipper should facilitate access to the stockpiles for sampling and inspection of the cargo including access to the full depth of the stockpile. In practice, however, this is often impractical.

2. Charterparty Provisions

Carriers can ensure cargo inspection, sampling and testing prior to loading is a contractual right provided for in the charterparty. This can be done by incorporating the BIMCO 'Solid Bulk Cargo Which May Liquefy' clause, which is available on both the BIMCO website and the UK P&I Club's website. Alternatively, Members can seek legal advice in order to draft and incorporate a commercially suitable clause.

Members must notify the Club at the earliest opportunity if they intend to load nickel ore from Indonesian or Philippine ports.

3. Precautionary Measures Pre-Loading / Loading

Potential disasters could be prevented if the risks associated with transporting mineral ores and concentrates are properly appreciated and mitigated. The lack of understanding of the problem by the parties involved, and incorrect or inconsistent implementation of the IMSBC Code in load ports, has contributed to significant loss of life in the past.

Follow these steps when carrying Group A cargoes to reduce the risk of liquefaction:

- Ensure the shipper has supplied the required cargo information, including the TML and the actual moisture content in advance of loading
- Carefully check shipper's cargo declaration and stated moisture content
- Consider appointing a surveyor in advance of loading to check the stockpile, take samples and arrange tests prior to loading
- Try to obtain access to lab testing if possible
- Only accept the cargo if the actual moisture content is less than its TML
- Carry out visual monitoring during loading. If there are any indications of high moisture content (surface water,

cargo splatter on bulkheads and so on), stop loading and seek further advice

- Consider trimming the cargo to reduce the likelihood of cargo shift as required by the IMSBC Code (that is, when there is a risk of a wet base developing)
- Take measures to prevent water or other liquids entering the cargo space during loading (and throughout the voyage) e.g. hatch cover tightness
- Conduct can-tests of samples at regular intervals at loading.

However, members should be aware that a negative can-test result does not necessarily mean the cargo is safe for shipment as stipulated in s.8.4.2 IMSBC Code Amendment 02-13 which states: 'If samples remain dry following a can test, the moisture content of the material may still exceed the Transportable Moisture Limit'

As such, it is recommended that if the **can-test fails or there is a suspected failure** members should:

- i. Stop loading;
- ii. Issue a Letter of Protest; and
- iii. Seek further advice from P&I Club. May require surveyor / reputable cargo expert involvement and further lab testing

4. Precautionary Measures During the Voyage

Even when the Members are satisfied of the condition of the cargo having been loaded, it is still recommended that the following measures are taken in order to minimise any potential liquefaction during the voyage:

- Regular visual checks of the cargo surface to check for accumulation of free water in the cargo. This should only be done if it is safe to enter hold as mineral concentrates will deplete oxygen levels.
- Daily cargo hold bilge soundings
- Ventilation of cargo, as and when appropriate (depending on what cargo and what is advised in the IMSBC Schedule).

However, regular visual cargo surface inspections may not provide a true representation of the cargo condition. In addition, if there is free water, though the cargo might be expected to drain it can hold the moisture towards the bottom of the hold and develop a wet base.

If when following the above steps the cargo appears to be liquefying during the voyage members are recommended to:

- i. Contact the P&I Club;
- ii. Contact nearest Coastal State Authority;
- iii. Consider calling at the nearest port or place of refuge;



TACKLING CARGO LIQUEFACTION (continued)

- iv. Master to consider taking measures to reduce ship's vibration / motion;
- v. Consider whether it is possible to discharge or dry out the cargo (this can, however, take months and lead to a possible hire dispute); and
- vi. Consider the use of third party cargo stabilisation specialists.

Where next?

Liquefaction remains a serious concern for the industry. Although this has been acknowledged by attempts to further classify cargo in the IMSBC Code Amendments, there still remains a considerable degree of ambiguity as to which cargoes can exhibit liquefactive properties while tests can be inconclusive. Furthermore, political, economic and commercial interests and pressures have been shown to make any significant progress difficult.

Ship masters should ensure that they are fully satisfied with the condition of the cargo prior to accepting it for loading and that all conditions as per the IMSBC Code are duly met at all times. Members should be aware that it is not the role of the club to formalise a standard for approved or rejected cargoes. It is the members' responsibility to comply with their obligations under the IMSBC Code and to also take any necessary measures to ensure the safe carriage of the cargo. Failure to comply with the provisions of the Code may prejudice club cover.

As such, members should remain extra vigilant when loading any cargo that is susceptible to liquefaction, paying particular attention on any possible inaccurate cargo declarations and moisture content certificates. Given the potential disastrous ramifications of loading a liquefied cargo, if in doubt, do not load it!

FOCUS ON PHILIPPINES

Around a third of the world's 1.2 million seafarers are Filipinos. They contribute around US\$6 billion a year to the Philippine economy. Developments in the country's employment laws are therefore of key importance to shipowners.

UK Club Senior Claims Director Tony Nicholson, who also chairs the Philippine working group of the International Group of P&I Clubs' personal injury sub-committee, and Senior Claims Executive Stephen Michaels provide an update.

Filipino seafarers make an immense contribution to the world's ocean-going merchant shipping fleet and their home country. Unfortunately this is somewhat overshadowed by continuing frustrations within the Philippine legal system.

The frustrations are primarily due to a relatively small number of seafarers who – aided by 'ambulance-chasing' lawyers – succeed with spurious arbitration claims against employers before the National Labor Relations Commission and National Conciliation and Mediation Board.

Furthermore, due to a quirk in the Philippine legal system, the arbitration awards must be paid by employers regardless of whether they wish to contest them. Over the past 8 years more than 250 arbitration decisions have been successfully appealed by employers. However, and perhaps not surprisingly, very little of the £18 million they have unjustly paid out has yet to be recovered – and probably never will be.

Fortunately, things are beginning to change – starting with new legislation against ambulance-chasing lawyers.

Seafarers' Protection Act

Generous no-fault contractual obligations have long been available to Filipino seafarers under the terms of either the Philippine Overseas Employment Administration standard employment agreement or a collective bargaining agreement. However, seafarers and their families are being exploited by a growing number of claimant lawyers charging fees up to 60% of the award value. Many of these lawyers rely on 'runners', some of whom are ex-seafarers themselves, to find potential clients – often by targeting relatives visiting a seafarer in hospital.

If seafarers are encouraged to pursue a claim in arbitration, they potentially prejudiced their entitlement to contractual benefits. For example, a recent Supreme Court decision in a claim handled by the UK P&I Club again made it clear that failure to follow the advice of an employer's doctor regarding treatment results in non-entitlement to disability benefits.

While Philippine arbitration bodies often resolve cases in a manner employers find frustrating, they never award more than the maximum contractual benefit available. Unfortunately some claimant lawyers have persuaded seafarers or their families that more money was available – but this only led to claimants receiving less than their contractual entitlement after the lawyers took a significant proportion of what would have been paid in any event.

The new Seafarers' Protection Act (Republic Act No. 10706) is designed to protect Filipino seafarers and their families from the unscrupulous practices of such lawyers. Sponsored by the maritime political party Angkla, it finally came into force on 21 May 2016.

Under the new law, any individual or group – whether lawyers or not – found to be soliciting directly or via agents will be imprisoned for 1–2 years and/or fined

PHP50,000–100,000 (approximately US\$1–2,000). In addition, legal fees are now capped at 10% of the total amount awarded.

The Escrow alternative

In addition to the new ambulance-chasing legislation, steps are also being taken to put an end to problem of enforced payment of arbitration awards – referred to as 'garnishment' – in the event the employer wishes to appeal. The UK P&I Club has been leading the International Group of P&I Clubs' efforts over recent years to resolve this.

Current practice is that when an arbitration body makes its final and executory decision on a claim, it issues a 'writ of execution'. This can be enforced against the assets and bank accounts of the employer's manning agent as well as a letter of undertaking from the employer's P&I club, regardless of whether an appeal is intended.

The International Group has recorded 252 cases over the past 8 years in which arbitration awards totalling £18 million have been overturned or modified in favour of the employer by the Court of Appeals or Supreme Court (Figure 1). Less than US\$40,000 has so far been recovered through the process of restitution. If the recent pattern of awards and appeals continues, the total to be recovered could reach over US\$40 million within the next five years (Figure 2).

In 2013 the International Group formally proposed an alternative Escrow system to replace the garnishment process. When an employer wishes to dispute an arbitration decision, the judgement amount would be deposited in an Escrow account pending the decision of a higher court. This would also leave the door open to an amicable settlement being agreed at any time during the pendency of the case before the higher court. Legal title to the money in the Escrow account would rest with the employer but the claimant would hold beneficial title.

The proposal supports what is already strongly encouraged within the Philippine legal system, namely conciliation and mediation and active higher courts, and it has gained significant support locally and internationally. In February 2015, Angkla filed a bill to introduce the Escrow proposal via changes to the Labour Code of the Philippines. A decision is still pending.

Impartiality of the National Conciliation and Mediation Board

In the meantime, there are growing concerns about the pro-labour bias of the National Conciliation and Mediation Board, which is now handling many more maritime personal injury claims following changes to the Migrant Workers and Overseas Filipinos Act (Figure 3).

Under the 2010 amendments to the Act, overseas Filipino workers with collective bargaining agreements are required to submit their claims to voluntary arbitration – which means bringing them before the National Conciliation and Mediation Board.

A review of 178 cases before the board up to 2012 found that only two of 64 cases resolved by the board resulted in favourable decisions for employers (3.13%). Fortunately the more impartial National Labor Relations Commission retains jurisdiction in cases where the complainant has chosen not to implement the grievance procedure provided for within the collective bargaining agreement.

Conclusions

The new Seafarers' Protection Act means Filipino seafarers and their families are now protected from losing up to 60% of their contractual compensation entitlements to the unscrupulous practices of 'ambulance-chasing' lawyers. The new law should also reduce the number of spurious claims being encouraged by such lawyers.

However, given the lack of impartiality of the arbitration bodies – particularly the National Conciliation and Mediation Board – and the rising number of maritime cases being referred to them, it seems likely that the quantifiable damage suffered by employers will continue to rise. The quantifiable damage noted is only the “tip of the iceberg” given the significant and unquantifiable damage suffered through settlements concluded under duress, which results in the case pending before the higher courts being withdrawn.

The significant frustrations felt by employers and the damage suffered as a consequence, will only be overcome if the Escrow proposal is adopted and enacted into law. The Escrow solution aligns with former President Benigno Aquino's policy to reform employment arbitration and adjudication, to strengthen integrity and fairness in the system and to eliminate the perception of corruption.

It is hoped the new administration under President Rodrigo Duterte, who assumed office on 30 June 2016, will share those ideals.

IG Statistics: Cases Overturned / Modified

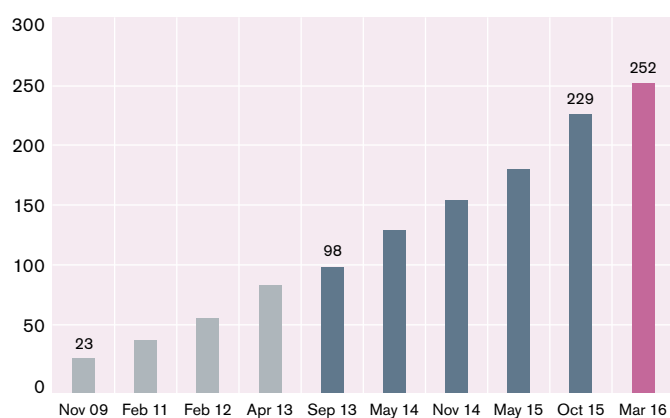


Figure 1.

The number of arbitration awards of the National Labor Relations Commission and National Conciliation and Mediation Board that have been subsequently overturned or modified by the Court of Appeals and Supreme Court has risen steadily over the past eight years to reach 252 in March 2016 (source: International Group of P&I Clubs).

IG Statistics: Projection (amount to be recovered)

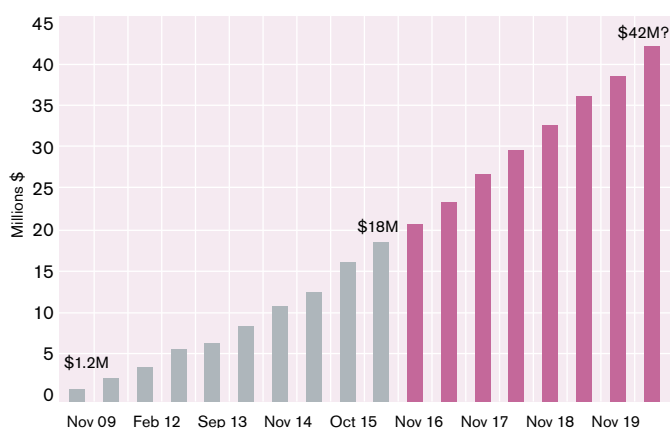


Figure 2.

The value of arbitration awards subsequently overturned or modified reached US\$18 million in March 2016 and is projected to rise to US\$6 million a year unless something changes (source: International Group of P&I Clubs).

Year	Total VA cases	Maritime	%
2002	220	3	1%
2003	171	4	2%
2004	145	5	3%
2005	133	16	12%
2006	140	15	11%
2007	130	18	14%
2008	119	25	21%
2009	110	23	21%
2010	99	25	25%
2011	124	56	45%
2012	91	78	86%
2013	92	81	88%
2014	99	143	144%
2015	62	165	266%
Total	1,735	657	38%

Figure 3.

The number of maritime illness and injury claims brought before the National Conciliation and Mediation Board has increase dramatically since the requirement for voluntary arbitration in collective bargaining agreements was introduced in the Migrant Workers and Overseas Filipinos Act in 2010. The vast majority are found in favour of the claimant (source: National Conciliation and Mediation Board presentation, Philippine Manning Convention, 2015).

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