International Oil Pollution Compensation Funds

An overview
Who are we?
The International Oil Pollution Compensation Funds are two intergovernmental organisations (the 1992 Fund and the Supplementary Fund) which provide compensation for oil pollution damage resulting from spills of persistent oil from tankers.

Why do we exist?
During the late 1960s, the International Maritime Organization (IMO) adopted two international treaties, that organised the sharing of the cost of oil spill incidents at sea between the shipowner and the oil receivers and established the first International Oil Pollution Compensation Fund. This international liability and compensation regime evolved over time and the current IOPC Funds were established through the entry into force of:
- The 1992 Civil Liability Convention (1992 CLC);
- The 1992 Fund Convention; and
- The 2003 Supplementary Fund Protocol

Today, safer shipping means fewer incidents, however the risk of a major spill remains with some 2 billion tonnes of oil transported by sea every year. This risk has led to some 115 States opting to join the 1992 Fund and 31 of those opting to join the Supplementary Fund as well.

How does the system work?
The 1992 Civil Liability Convention provides a first tier of compensation which is paid by the owner of a ship which causes pollution damage.

Under the 1992 Civil Liability Convention, the shipowner has strict liability for any pollution damage caused by the oil, i.e. the owner is liable even if there was no fault on the part of the ship or its crew. However, the shipowner can normally limit his financial liability to an amount that is determined by the tonnage of the ship. This amount is guaranteed by the shipowner’s liability insurer.

The 1992 Fund Convention provides a second tier of compensation which is financed by receivers of oil in 1992 Fund Member States after sea transport. An extra layer of compensation is available to Supplementary Fund Member States.

Structure
The IOPC Funds are funded by the oil industry and managed by Governments. The governing bodies of the organisations, consisting of each Fund’s Member States, meet twice per year to make decisions on compensation payments, policy matters and budgetary matters, including the amounts to levy in contributions. Only those entities receiving in excess of 150 000 tonnes of contributing oil in a year will be invoiced for contributions.

In operation for >40 years
115 Member States of the 1992 Fund
1 500 million tonnes received annually in 1992 Fund Member States after transport by sea
>8 000 tankers operating at sea
150 incidents involving the IOPC Funds since 1978
£675 million paid in compensation since 1978
What claims do we pay?

Anyone in a Member State of the 1992 Fund who has suffered pollution damage caused by oil transported by a tanker can claim compensation from the shipowner/insurer, the 1992 Fund and, if applicable, the Supplementary Fund. This applies to individuals, businesses, local authorities and States.

To be entitled to compensation, the damage must result from oil pollution and have caused a quantifiable cost or economic loss. The claimant must be able to show the amount of his loss or damage by producing accounting records or other appropriate evidence.

An oil pollution incident can generally give rise to claims for five types of damage:

- **ECONOMIC LOSSES BY FISHERMEN OR THOSE ENGAGED IN MARICULTURE**
- **ECONOMIC LOSSES IN THE TOURISM SECTOR**
- **COSTS FOR REINSTATEMENT OF THE ENVIRONMENT**
- **PROPERTY DAMAGE**
- **COSTS OF CLEAN-UP OPERATIONS AND PREVENTIVE MEASURES**

For current exchange rates please visit www.imf.org.

How much can we pay?

The international liability and compensation regime can provide up to SDR 203 million (US$ 295.1 million) to 1992 Fund Member States and SDR 750 million (US$ 1 090 million) to Supplementary Fund Member States.
Other resources

Publications

The following publications are available to download from the website or in hard copy upon request.

General

[Images of publications]

Claims information pack

[Images of publications]

Guidance for Member States

[Images of publications]

Online services

The IOPC Funds’ website is the hub for all information pertaining to the organisations. It is available in English, French and Spanish and incorporates various interactive features and data relating to IOPC Funds’ incidents, membership and claims-related guidance. The website also provides access to other services and websites, including:

- Document Services, which is primarily aimed at delegates to meetings;
- the Online Reporting System for contributors; and
- the HNS Convention website.

www.iopcfunds.org