



International Oil Pollution Compensation Funds

Annual Report 2019





International
Oil Pollution
Compensation
Funds
Annual Report

20
19

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FOREWORD

It is with great pleasure that I present the IOPC Funds Annual Report for 2019 – a year in which the organisation continued to expand its membership as a result of the entry into force of the 1992 Conventions for Thailand in July and the deposit of instruments of accession by Guyana in February and the Gambia in October. I look forward to welcoming these new Member States to the 1992 Fund Assembly sessions in 2020.



It was an honour to preside over, together with my fellow Chairs, Mr Sungbum Kim for the Supplementary Fund Assembly and Ambassador Antonio Bandini for the 1992 Fund Executive Committee, the April and October 2019 sessions of the governing bodies. Whilst these meetings have become shorter in their duration, the subjects discussed and the decisions taken, remain key to the proper functioning of the organisation. It is essential, therefore, that Member States continue to participate in and contribute to these meetings. Although it was not the case in April, I was particularly pleased that the 1992 Fund Assembly was able to achieve a quorum at the October session, with some 63 Member States of the 1992 Fund present.

The April meeting provided its usual productive forum for interim reports on work undertaken by the Secretariat and developments in incidents since the regular sessions, but it also began with a very fitting tribute session to our former colleague, serving Chair of the Audit Body and dear friend of the organisation, Mr Jerry Rysanek, who passed away suddenly in January 2019.



Following a tribute session in the main meeting, Canada hosted a gathering for friends and colleagues to remember Jerry Rysanek and to sign a book of condolences.



In October, the Audit Body, under the new Chair, Mr Harunari, prompted interesting discussions when it presented the initial results of its review into the common issues facing the Funds as a result of incidents involving unreliable insurers. It was certainly a promising start to a debate which hopes to lead us to more concrete solutions being found in the future. Reading the details of the current open incidents in this report alone, highlights that these issues are very real and can incur significant costs to the 1992 Fund.



The Audit Body invited debate in April on issues facing the Funds as a result of incidents involving unreliable insurers.

>400

ACTIVE
CONTRIBUTORS
TO THE
1992 FUND

100%

CONTRIBUTIONS
PAID

The Secretariat provided its annual report on the quantities of oil received in States and on the payment of contributions in October. The final figures for 2019 are detailed in full in this publication and I am once again impressed to read that the vast majority of oil reports have been submitted and almost 100% of invoices have been paid by contributors, demonstrating the support and commitment that the industry and States continue to have for this successful international compensation regime.

This report also highlights the efficiency of the Secretariat and overall effectiveness of the IOPC Funds and, as we enter a new decade in which the protection of the environment is now the most pressing issue of all, I am confident that this invaluable organisation will continue to deliver and successfully fulfil its mission, covering the financial risks of major oil spills at sea.

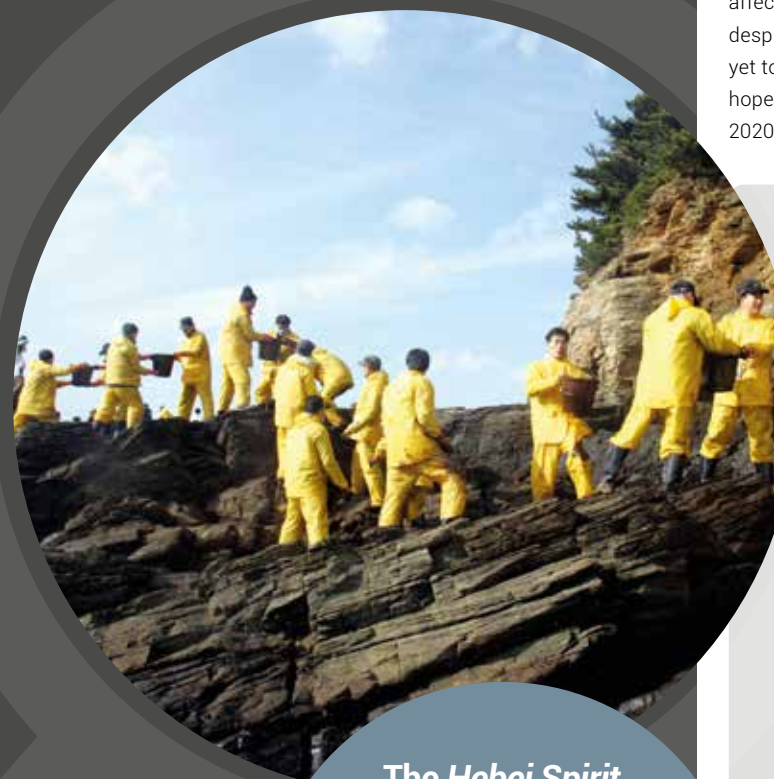
Gaute Sivertsen
Chair of the 1992 Fund Assembly

DIRECTOR'S REVIEW

I am delighted to be able to report in this annual review on the various achievements, developments and activities of the IOPC Funds in 2019.



In particular, the organisation was able to make significant progress towards finalising one of the largest ever incidents involving the IOPC Funds, the *Hebei Spirit*, agreeing a bilateral agreement with the Government of the Republic of Korea to ensure all remaining claims are paid. The 1992 Fund also continued to assess and pay claims relating to the *Agia Zoni II* incident and paid a significant sum to the Spanish Court in respect of the *Prestige* incident, which continues to be the subject of legal proceedings. In addition to these and other ongoing cases, some from several years ago, the organisation also closely followed newer incidents, namely the *Nathan E. Stewart* and *Bow Jubail* incidents, which have both raised questions over the applicability of the 1992 Conventions, described later in this report.



The *Hebei Spirit* incident, is reaching its conclusion, after a payment of KRW 27 billion was made to the Republic of Korea in 2019.

11
INCIDENTS
CURRENTLY
INVOLVING THE
1992 FUND

Dealing with incidents and paying compensation is the ultimate role of the organisation. However, the Secretariat also devotes considerable time each year to ensuring States are prepared in the event that such an incident should affect their coastline. 2019 was no exception and as set out in this report, the Secretariat was involved in 7 national or regional workshops for audiences covering 37 States. A number of non-Member States were included in several of those workshops as the IOPC Funds continues to urge them to protect themselves by acceding to the 1992 Conventions. Particular focus was put into engaging with authorities in Brazil in light of the recent major incident affecting their coastline. Regrettably, despite its lengthy coastline, Brazil has yet to join the IOPC Funds but I remain hopeful that with further cooperation in 2020, that could change.

EMPOWERING WOMEN
IN THE MARITIME COMMUNITY



IOPC Funds attended the IMO Maritime Day Parallel Event in Colombia, and was happy to support the theme for 2019 'Empowering women in the maritime community'. Head of Claims, Liliana Monsalve, pictured second from right, in Colombia with other women in the maritime sector, who spoke about their aspirations for the industry.

5

CONTRACTING
STATES
TO THE 2010
HNS CONVENTION
AT PRESENT

POSITIVE
PROGRESS BEING
MADE BY OTHER
STATES. 2010
HNS CONVENTION
LIKELY TO ENTER
INTO FORCE IN
2022-23


There was positive news in terms of the HNS Convention as South Africa deposited an instrument of accession with the Secretary General of IMO in July 2019. This brings the number of Contracting States to five and, together with the commitment of a number of European States to take a coordinated approach to ratification, confirms that real progress is being made towards entry into force.

Looking ahead to 2020, the Secretariat will continue to assist States with implementation by delivering further outreach activities and will also endeavour to widen its reach by delivering training through more short courses, via webinars and other such means. Internally, the Secretariat will continue to review and improve its internal management systems in respect of finance, online tools and other areas to further increase efficiency. I look forward to the coming year, working with the Secretariat, the Chairs, members of the Audit Body and Investment Advisory Body, whose efforts and contributions are all greatly appreciated.

José Maura
Director


FUNDS' OVERVIEW

The International Oil Pollution Compensation Funds (IOPC Funds) provide financial compensation for oil pollution damage that occurs in its Member States, resulting from spills of persistent oil from tankers.




An international regime of compensation for tanker spills was established by IMO through the adoption of the 1969 Civil Liability Convention and 1971 Fund Convention. The latter Convention established the first IOPC Fund.

IN OPERATION FOR >40 YEARS




Financed by contributions paid by entities within Member States that receive persistent oil after sea transport, the IOPC Funds have been compensating victims of oil pollution damage since 1978.

FUNDED BY OIL INDUSTRY, MANAGED BY GOVERNMENTS



Following a number of large incidents during the 1980s, it became clear that the amount available under the original Conventions was insufficient and IMO developed two Protocols which increased the limits and widened the scope of the original Conventions, creating the 1992 Civil Liability Convention and the 1992 Fund Convention.


PROVIDING UNIFORM SYSTEM BASED ON INTERNATIONAL TREATIES



In 2003 a third instrument, the Supplementary Fund Protocol, was adopted, providing 1992 Fund Member States with additional compensation above that available under the 1992 Fund Convention should they opt to also become Parties to that Protocol.

UP TO USD 1 BILLION IN COMPENSATION AVAILABLE

This report focuses on the work of the IOPC Funds during 2019. For further general information about the organisations and their history, please visit www.iopcfunds.org.



The IOPC Funds comprise two organisations, the 1992 Fund and Supplementary Fund. It has a Secretariat based in London, United Kingdom and employs international experts as required.


EXPERT AND UNIQUELY EXPERIENCED TEAM

150

Since their establishment, the 1992 Fund and the preceding 1971 Fund have been involved in more than 150 incidents of varying sizes all over the world and have paid some £741 million in compensation. No incidents have occurred so far which have involved or are likely to involve the Supplementary Fund.

INVOLVED IN >150 INCIDENTS WORLDWIDE

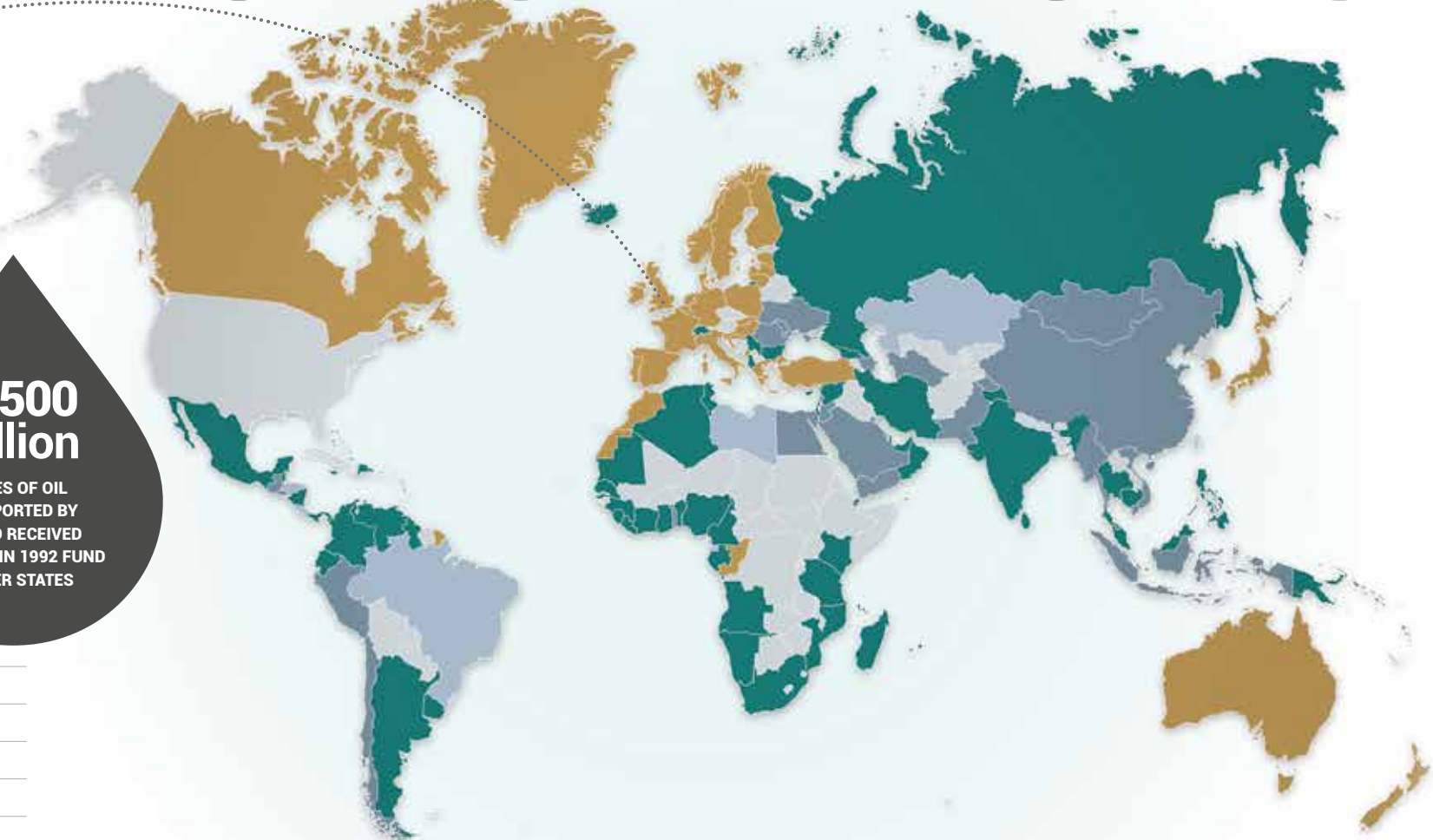
Based in London, the IOPC Funds share its premises with the International Maritime Organization (IMO). As a specialised agency of the United Nations, IMO is the global regulatory body for the shipping industry.



>1 500 million

TONNES OF OIL TRANSPORTED BY SEA AND RECEIVED ANNUALLY IN 1992 FUND MEMBER STATES

- States Parties to the 1992 Fund Convention
- States Parties to the Supplementary Fund Protocol
- States Parties to the 1992 Civil Liability Convention
- States Parties to the 1969 Civil Liability Convention



32 MEMBER STATES OF THE SUPPLEMENTARY FUND

- | | |
|------------------------------|------------------------------------|
| Australia | Maldives |
| Barbados | Malta |
| Belgium | Marshall Islands |
| Canada | Mauritania |
| Congo (the) | Mauritius |
| Croatia | Mexico |
| Cyprus | Monaco |
| Denmark | Montenegro |
| Djibouti | Morocco |
| Dominica | Mozambique |
| Dominican Republic | Namibia |
| Ecuador | Netherlands |
| Estonia | New Zealand |
| Fiji | Nicaragua |
| Finland | Nigeria |
| France | Niue |
| Gabon | Norway |
| Gambia (the) (from 30/10/20) | Oman |
| Georgia | Palau |
| Germany | Panama |
| Ghana | Papua New Guinea |
| Greece | Philippines |
| Grenada | Poland |
| Guinea | Portugal |
| Guyana | Qatar |
| Hungary | Republic of Korea |
| Iceland | Russian Federation |
| India | Saint Kitts and Nevis |
| Iran (Islamic Republic of) | Saint Lucia |
| Ireland | Saint Vincent and the Grenadines |
| Israel | Samoa |
| Italy | Senegal |
| Jamaica | Serbia |
| Japan | Seychelles |
| Kenya | Sierra Leone |
| Kiribati | Singapore |
| Latvia | Slovakia |
| Liberia | Slovenia |
| Lithuania | South Africa |
| Luxembourg | Spain |
| Madagascar | Sri Lanka |
| Malaysia | Sweden |
| | Switzerland |
| | Syrian Arab Republic |
| | Thailand |
| | Tonga |
| | Trinidad and Tobago |
| | Tunisia |
| | Turkey |
| | Tuvalu |
| | United Arab Emirates |
| | United Kingdom |
| | United Republic of Tanzania |
| | Uruguay |
| | Vanuatu |
| | Venezuela (Bolivarian Republic of) |

* The 1992 Fund Convention applies to the Hong Kong Special Administrative Region only.

LEGAL FRAMEWORK

The international liability and compensation regime is currently based on:

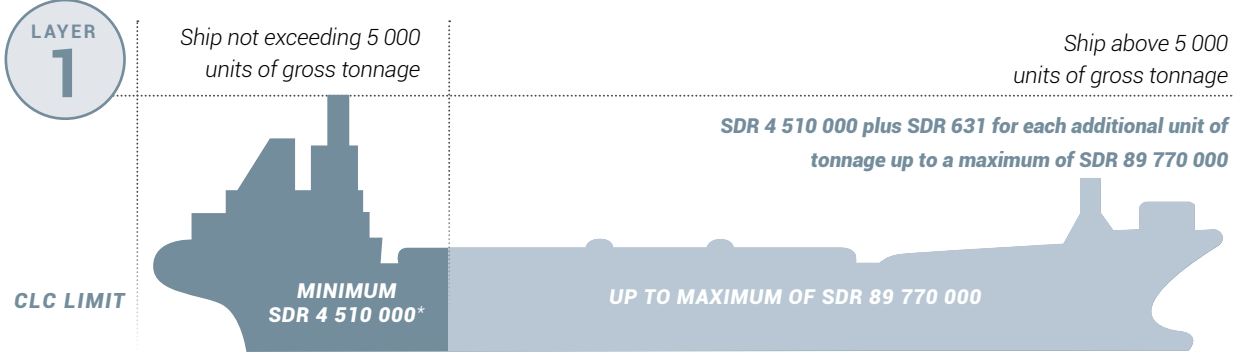
- LAYER 1

 - the International Convention on Civil Liability for Oil Pollution Damage, 1992 (1992 Civil Liability Convention or 1992 CLC)
- LAYER 2

 - the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992 (1992 Fund Convention)
- LAYER 3

 - the Protocol of 2003 to the 1992 Fund Convention (Supplementary Fund Protocol)

These three instruments all apply to pollution damage caused by spills of persistent oil from tankers in the territory (including the territorial sea) and the exclusive economic zone (EEZ) or equivalent area of a State Party to the respective treaty instrument.



*The unit of account in the Conventions is the Special Drawing Right (SDR) as defined by the International Monetary Fund.



LAYER 1

1992 CIVIL LIABILITY CONVENTION

The 1992 CLC provides a first tier of compensation which is paid by the owner of a ship which causes pollution damage.

Under the 1992 CLC, the shipowner has strict liability for pollution damage caused by the oil, i.e. the shipowner's liability is independent of fault on the part of the ship or its crew. However, the shipowner can normally limit its liability to an amount that is determined by the tonnage of the ship.

For ships carrying more than 2 000 tonnes of oil as cargo in bulk, the shipowner is obliged to maintain insurance to cover its liability under the 1992 CLC, and claimants have a right of direct action against the insurer.

LAYER 1

Shipowners

The first tier of compensation is paid by the shipowners' insurers under the 1992 CLC.

LAYER 2

1992 FUND CONVENTION

The International Oil Pollution Compensation Fund, 1992 (1992 Fund) was set up under the 1992 Fund Convention and is financed by the oil industry and managed by governments.

The 1992 Fund provides a second tier of compensation when the amount available under the 1992 CLC is insufficient (i.e. the damage exceeds the limit of the shipowner's liability) and also when the shipowner is exempt from liability or is financially incapable of meeting its obligations under the 1992 CLC.

The maximum compensation payable by the 1992 Fund is SDR 203 million, irrespective of the size of the ship. This maximum amount includes the sums actually paid by the shipowner under the 1992 CLC.

LAYER 3

SUPPLEMENTARY FUND PROTOCOL

The Supplementary Fund provides a third tier of compensation on top of the amount available under the 1992 Fund Convention in States which are also Parties to the Supplementary Fund Protocol. The total amount available for compensation for each incident is SDR 750 million, including the amounts payable under the 1992 Conventions.

MAXIMUM LIMITS OF COMPENSATION

Tonnage of ship (x1 000 units)	1992 CLC (Layer 1)	1992 Fund Convention (Layer 2)	Supplementary Fund Protocol (Layer 3)	Total
0	4.5	203	750	957.5
50	4.5	203	750	957.5
100	4.5	203	750	957.5
150	4.5	203	750	957.5
200	4.5	203	750	957.5
250	4.5	203	750	957.5

SDR (millions)

Tonnage of ship (x1 000 units)

1992 CLC 1992 Fund Convention Supplementary Fund Protocol

LEGAL FRAMEWORK

1969 CIVIL LIABILITY CONVENTION

The original international regime was based on the 1969 Civil Liability Convention (1969 CLC) and the 1971 Fund Convention. While the 1971 Fund Convention is no longer in force, the 1969 CLC remains active, but it offers lower limits of compensation than the 1992 CLC. It is recommended that any State still Party to the Convention, should increase its protection by acceding to the 1992 CLC and should denounce the 1969 CLC as soon as possible.

The following States remain Party to the 1969 CLC only:

Brazil	Kazakhstan
Costa Rica	Libya
Equatorial Guinea	Sao Tomé and Príncipe

In 2019, around 2 000 km of the coastline of Brazil was heavily polluted with oil from an unknown source. Regrettably Brazil is Party to the 1969 CLC only.



STOPIA AND TOPIA

The Small Tanker Oil Pollution Indemnification Agreement (STOPIA) and the Tanker Oil Pollution Indemnification Agreement (TOPIA) are two voluntary agreements set up by the shipowners and the P&I Clubs which are members of the International Group, to indemnify, up to certain amounts, the 1992 Fund and Supplementary Fund, respectively, for the compensation paid. Although not parties to these agreements, the 1992 Fund and Supplementary Fund have legally enforceable rights to indemnification from the shipowner in accordance with the agreements.

Indemnification was paid to the 1992 Fund under STOPIA in respect of the *Solar 1* incident (Philippines, 2006). STOPIA is also applicable to the *Trident Star* incident (Malaysia, 2014) meaning the 1992 Fund could be reimbursed up to SDR 20 million, should it be called upon to pay compensation. Since there have been no incidents involving the Supplementary Fund, TOPIA has not been applied.

THE FULL TEXTS OF THE 1992 CONVENTIONS AND THE SUPPLEMENTARY FUND PROTOCOL MAY BE OBTAINED FROM THE PUBLICATIONS PAGE OF THE FUNDS' WEBSITE: WWW.IOPCFUNDS.ORG.



OPERATIONAL REVIEW



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18	Incidents Involving the IOPC Funds
24	20 years since the <i>Erika</i> incident
26	Oil Reporting and Contributions
32	External Relations
38	The 2010 HNS Convention

SECRETARIAT

The 1992 Fund and the Supplementary Fund share a joint Secretariat, consisting of 27 staff members as at 31 December 2019. The Director is the chief administrative officer and is responsible for the overall management of the Funds, including maintaining a sound system of internal control that supports the achievement of the Funds' policies, aims and objectives and safeguards its assets. The system of internal control is based on procedures designed to ensure conformity with the Funds' Financial Regulations, Internal Regulations and decisions of the respective governing bodies.

The Director is assisted by a Management Team, comprising the Deputy Director/Head of the Finance and Administration Department, the Head of the External Relations and Conference Department, the Head of the Claims Department and the Legal Counsel. In the event that the Director was unable to assume his functions, the members of the Management Team, in the order set out above, would take on the responsibilities of the Director.

In addition to the permanent staff of the Secretariat, the Funds use external consultants to provide advice on legal and technical matters, as well as on other matters relating to the management of the Funds, where necessary. Also, in connection with a number of major incidents, the Funds and the shipowner's third-party liability insurer have jointly established local claims offices to provide more efficient handling of claims and to assist claimants.

The Secretariat is based within the same building as the International Maritime Organization in London, United Kingdom. The relationship between the Host State and the IOPC Funds is governed by a Headquarters Agreement between the Government of the United Kingdom and the IOPC Funds. The Agreement sets out the privileges and immunities of the IOPC Funds, of delegates to meetings and of staff members.

IOPC FUNDS' SECRETARIAT AS OF FEBRUARY 2020

DIRECTOR'S OFFICE



José Maura
Director



Kensuke Kobayashi
Legal Counsel



María Basilico
Executive Assistant



Q. HOW CAN I APPLY FOR A POST WITH THE SECRETARIAT?

A. All vacancy notices are published on the website under the vacancies page of the Secretariat section and are usually announced on the home page. Full details of the requirements for a post and how to apply are provided there.

CLAIMS DEPARTMENT



Liliana Monsalve
Head of Department



Chiara Della Mea
Claims Manager



Mark Homan
Claims Manager



Ana Cuesta
Claims Manager



Chrystelle Collier
Claims Administrator

FINANCE & ADMINISTRATION DEPARTMENT



Ranjit Pillai
Deputy Director/
Head of Department



Robert Owen
IT Manager



Julia Shaw
Human Resources
Manager



Claire Montgomery
Finance Manager



Stuart Colman
IT Officer



Elisabeth Galobardes
Finance Assistant



Kathy McBride
Finance Assistant



Marina Singh
Finance Assistant



Sarah Hayton
Oil Reporting Administrator



Paul Davis
IT/Administrative Assistant

EXTERNAL RELATIONS & CONFERENCE DEPARTMENT



Thomas Liebert
Head of Department



Victoria Turner
Information Officer



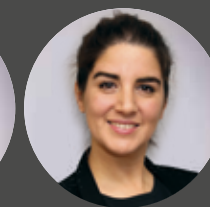
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External Relations &
Conference Coordinator



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Mariana Saúl
Associate Editor (Spanish)



Johana Lanzeray
Associate Editor (French)



Nadja Popović
External Relations &
Conference Assistant



Q. DO YOU OFFER INTERNSHIPS?

A. No, unfortunately we do not. However, we do run an annual week-long self-funded short course covering the work of the IOPC Funds and the international liability and compensation regime in general. Participants must be nominated by 1992 Fund Member States.

35
YEARS'
SERVICE

RETIREMENT NEWS

The Funds' Office Manager, Modesto Zotti (Italy), retired in February 2020 after more than 35 years at the organisation. As the only staff member to have worked with all four Directors of the IOPC Funds, Modesto was invited to speak on the occasion of the Funds' 40th anniversary in October 2018. He is a familiar face both amongst delegations to IOPC Funds' meetings and also among the IMO Secretariat. He will certainly be missed by his friends and colleagues at the IOPC Funds' Secretariat, who wish him a long and very happy retirement.



ADMINISTRATION

JOINT SECRETARIAT EXPENSES

The joint administrative expenses (excluding the external audit fees which are paid directly by each of the Funds) for the Secretariat are set out below.

Joint Secretariat expenditure	2019 unaudited £	2018 audited £	2017 audited £
Expenditure		4 065 757	4 038 496
Budget	4 692 577	4 536 433	4 396 520
Expenditure as % of budget	0%	90%	92%
External audit fees			
1992 Fund	43 200	43 200	43 200
Supplementary Fund	3 200	3 200	3 200
Management fees received by 1992 Fund from Supplementary Fund	34 000	34 000	34 000

Commentary on the joint Secretariat expenditure is provided in Annex I of the 1992 Fund's Financial Statements, which can be found in the 2018 Financial Review publications available on the Publications page of the Funds' website. Further details relating to the financial administration of the organisations and key figures for 2019 are provided under the Financial Review section of this Annual Report (pages 48-53).

AUDIT BODY

The joint Audit Body, established by the IOPC Funds' governing bodies, normally meets three times a year to review the adequacy and effectiveness of the organisations. The Audit Body looks at the key issues of management and financial systems, financial reporting, internal controls, operational procedures and risk management, and it reviews the organisations' Financial Statements. It also considers all relevant reports by the External Auditor. The Audit Body reports to the governing bodies at their regular October/November sessions. The term of the current Audit Body expires in November 2020. Following the sad passing of the Chair of the Audit Body, Mr Jerry Rysanek (Canada), in January 2019, the 1992 Fund Administrative Council was required to make a number of decisions regarding the composition of the Audit Body for the remainder of its three-year term. In April 2019, it decided to appoint Mr Makoto Harunari as Chair, created the post of Vice-Chair and appointed Mrs Birgit Sølling Olsen to that position.



The members of the joint Audit Body appointed until October 2020. (Left to right) Mr Eugène Ngango Ebandjo (Cameroon), Mr José Luis Herrera Vaca (Mexico), Mr Makoto Harunari (Japan)(Chair), Mrs Birgit Sølling Olsen (Denmark)(Vice-Chair), Mr Vatsalya Saxena (India) and Mr Michael Knight (external expert).



EXTERNAL AUDITOR

An External Auditor is appointed by the 1992 Fund Assembly and Supplementary Fund Assembly every four years. The current IOPC Funds' External Auditor is BDO International (BDO), who were first appointed in October 2015 to audit the Financial Statements of the 1992 Fund and the Supplementary Fund for a period of four years from 2016. Following a formal review of BDO and an assessment of its performance by the Audit Body, in October 2019 the governing bodies re-appointed BDO as the External Auditor for a further four-year term, i.e. the financial years 2020–2023 inclusive. BDO report on the audit of the Financial Statements of the 1992 Fund and Supplementary Fund at each regular session of the 1992 Fund and Supplementary Fund Assemblies (see Financial Review section, pages 48–53).

RISK MANAGEMENT

The Secretariat has a full risk management system in place, which is regularly reviewed and updated. In consultation with the Audit Body and the External Auditor, the risks are categorised either as operational risks or institutional issues. Operational risks have five further subcategories, namely: finance/contributions, governance/management, compensation, safety/security and communication/publications (including the website). These identified risks, institutional issues and any corresponding mitigation measures which are put in place are continuously monitored to ensure a robust risk management system is maintained.



The three current members of the joint Investment Advisory Body are (left to right): Ms Beate Grosskurth, Mr Brian Turner and Mr Alan Moore.

INVESTMENT ADVISORY BODY

The joint Investment Advisory Body (IAB), established by the IOPC Funds' governing bodies, advises the Director on procedures for investment and cash management controls. The IAB also reviews the IOPC Funds' investments and foreign exchange requirements, to ensure that reasonable investment returns are achieved without compromising the safety of the IOPC Funds' assets. The IAB normally meets four times a year with the Secretariat. It also meets with the Audit Body and External Auditor to share information and reports to the governing bodies at their regular October/November sessions. The current term of the IAB expires in November 2020.

COMPENSATION AND CLAIMS MANAGEMENT

The principal role of the IOPC Funds is to pay compensation to those who have suffered oil pollution damage in a Member State who cannot obtain full compensation for the pollution damage from the shipowner under the 1992 Civil Liability Convention (1992 CLC).

THE PROCESS OF A CLAIM

WHO CAN CLAIM?

Claimants may be individuals, partnerships, companies, private organisations or public bodies, including States or local authorities.

WHEN SHOULD CLAIMS BE SUBMITTED?

Claimants ultimately lose their right to compensation under the 1992 Fund Convention unless they bring court action against the 1992 Fund within three years of the date on which the damage occurred. The same time limit applies in respect of claims against the shipowner or their insurer under the 1992 CLC. Although damage may occur some time after an incident takes place, in both cases court action must in any event be brought within six years of the date of the incident.

IS MY CLAIM ADMISSIBLE FOR COMPENSATION?

Before submitting a claim, make sure you can answer yes to the following questions:

- ✓ Have you already actually suffered the expense, loss or damage?
- ✓ Does the expense relate to measures taken following the incident which are reasonable and can be justified?
- ✓ Was the expense, loss or damage caused by contamination resulting from the spill?
- ✓ Can you reasonably link the cause of the expense, loss or damage covered by the claim to the contamination caused by the spill?
- ✓ Can you quantify the loss you have suffered?
- ✓ Can you prove the amount of your expense, loss or damage and supply appropriate documents or other evidence?

WHAT TYPE OF CLAIMS ARE ADMISSIBLE?

To be entitled to compensation, the pollution damage must result in an actual and quantifiable economic loss. The claimants must be able to show the amount of their 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 pollution damage:



HOW ARE CLAIMS SETTLED?

The IOPC Funds endeavor to pay claims as promptly as possible and normally make provisional payments of compensation to mitigate undue financial hardship to victims of pollution incidents. However, for incidents involving larger claims or where a specific claim gives rise to a question of principle which has not previously been decided by the governing bodies, the Director needs approval from the relevant governing body of the Fund in question. In most cases, claims are settled out of court.

If the total amount of the established claims exceeds the total amount of compensation available, the 1992 Fund may have to restrict compensation payments to a percentage of the established losses to ensure that all claimants are given equal treatment. The level of payments will increase at a later stage if the uncertainty about the total amount of the established losses is reduced. In Supplementary Fund Member States, in practically all cases, it should be possible from the outset to pay compensation for pollution damage at 100% of the amount of damage agreed between the Fund and the claimant.

HOW CAN CLAIMS BE SUBMITTED?

Claims should be presented clearly and with sufficient information and supporting documentation to enable the amount of the damage to be assessed. Each item of a claim must be substantiated by an invoice or other relevant supporting documentation, such as work sheets, explanatory notes, accounts and photographs. In the event of an incident, the process for claim submission will be explained and specific customised claim forms and facilities, including an online claims submission system, will normally be made available to claimants via the IOPC Funds' website (www.iopcfunds.org).

HOW ARE CLAIMS ASSESSED?

Claims are assessed according to criteria established by the Governments of Member States. These criteria, which also apply to claims against the Supplementary Fund, are set out in the 1992 Fund's Claims Manual, which is a practical guide on how to present claims for compensation.

The Funds, normally in cooperation with the shipowner's insurer, usually appoint experts to monitor clean-up operations, to investigate the technical merits of claims and to make independent assessments of the losses.

HELPFUL RESOURCES

The Claims Manual and various guidelines for claimants are available at www.iopcfunds.org



INCIDENTS INVOLVING THE 1992 FUND

Since their establishment in October 1978, the IOPC Funds have been involved in over 150 incidents. Details of all incidents, and in many cases a full case study, including latest developments, can be found under the Incidents section of the IOPC Funds' website. A summary of key developments in a number of cases during 2019 and the position taken by the governing bodies in respect of claims is set out below.

NEW INCIDENTS

BOW JUBAIL (NETHERLANDS, JUNE 2018)

Ship	<i>Bow Jubail</i>
Date of incident	23/06/2018
Place of incident	Rotterdam, the Netherlands
Cause of incident	Collision
Quantity of oil spilled	Approximately 217 tonnes of heavy fuel oil
Area affected	Rotterdam Port, the Netherlands
Flag State of ship	Norway
Gross tonnage	23 196 GT
P&I Insurer	Gard P&I (Bermuda) Ltd



On 23 June 2018, the oil and chemical tanker *Bow Jubail* collided with a jetty in a terminal in Rotterdam, the Netherlands, resulting in a spill of bunker oil into the harbour. Pollution damage claims submitted may be over USD 50 million.

The shipowner argued before the Rotterdam District Court that the incident was covered under Article 1.8 of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (Bunkers Convention 2001). However, in November 2018, the Court decided that the shipowner had not proved that the tanker did not contain residues of persistent oil at the time of the incident and that, therefore, the *Bow Jubail* qualified as a ship as per Article I(1) of the 1992 Civil Liability Convention (1992 CLC). The shipowner appealed to the Court of Appeal in The Hague.

It is unlikely that this incident will involve the 1992 Fund. However, if the shipowner is unsuccessful in proving that there were no persistental residues on board, the 1992 CLC and Fund Conventions will apply to this incident. The Court of Appeal decision is expected in March 2020.

AGIA ZONI II (GREECE, SEPTEMBER 2017)



ONGOING INCIDENTS



EUR 11 483 388

Compensation paid
by 1992 Fund as
at 31/12/2019

Ship	<i>Agia Zoni II</i>
Date of incident	10/9/2017
Place of incident	Saronic Gulf, Greece
Cause of incident	Sinking — circumstances under investigation
Quantity of oil spilled	Estimated to be in the region of 500 tonnes
Area affected	3–4 km of the coastline of Salamina Island and 20–25 km of the coastline south of Piraeus Port and Athens, Saronic Gulf, Greece
Flag State of ship	Greece
Gross tonnage	1 597 GT
P&I Insurer	Lodestar Marine Limited

A Claims Submission Office was established in Piraeus, Greece to assist claimants with the submission of their claims relating to this incident. It was reported to the October 2019 session of the 1992 Fund Executive Committee that, in total, the 1992 Fund had received 373 claims amounting to EUR 94.64 million and USD 175 000 and had already made compensation payments totalling some EUR 11.27 million in respect of this incident. The 1992 Fund has been served with legal proceedings filed at the Piraeus Court of First Instance by three clean-up contractors for the balance of their unpaid claims amounting to EUR 30.26 million, EUR 24.74 million and EUR 8.99 million respectively. Proceedings against the 1992 Fund have also been filed by 78 fisherfolk, claiming EUR 2.18 million.

Two separate investigations into the cause of the incident have been carried out: the first concluded that the incident occurred as a result of an explosion and the second concluded that it resulted from the opening of the seawater ballast valves and the undue opening of the cargo tank seals or manifolds, which could only have been done from on board the vessel.

PRESTIGE
(SPAIN, NOVEMBER 2002)

Ship	<i>Prestige</i>
Date of incident	13/11/2002
Place of incident	Spain
Cause of incident	Breaking and sinking
Quantity of spill	Approximately 63 200 tonnes of heavy fuel oil
Area affected	Spain, France and Portugal
Flag State of ship	Bahamas
Gross tonnage	42 820 GT
P&I Insurer	London Steamship Owners' Mutual Insurance Association Ltd (London P&I Club)

In accordance with the December 2018 judgment of the Spanish Supreme Court, as amended in 2019, the 1992 Fund has paid EUR 27.2 million into Court and has retained EUR 800 000 to pay those claimants with legal actions pending before the French courts and EUR 4 800 to pay the Portuguese Government. The 1992 Fund has also provided the Court with a list of the amounts due to the claimants in the Spanish legal proceedings, which has not yet been distributed by the Court.

In the legal action brought by the French Government against American Bureau of Shipping (ABS), the Court of Cassation in France has ruled that ABS cannot avail itself of the defence of sovereign immunity in this case. The case will go back to the Court of First Instance in Bordeaux to consider the merits of the claims of the French Government.

The legal proceedings that the 1992 Fund had brought against ABS, which had been stayed, have now been reinstated.

EUR 147.9 million

Compensation paid
by 1992 Fund as
at 31/12/2019

HEBEI SPIRIT
(REPUBLIC OF KOREA, DECEMBER 2007)

Ship	<i>Hebei Spirit</i>
Date of incident	07/12/2007
Place of incident	Taeon, Republic of Korea
Cause of incident	Collision
Quantity of oil spilled	Approximately 10 900 tonnes of crude oil
Area affected	The three southerly provinces on the west coast of the Republic of Korea
Flag State of ship	People's Republic of China
Gross tonnage	146 848 GT
P&I Insurer	China Shipowners Mutual Insurance Association (China P&I Club)/ Assuranceforeningen Skuld (Gjensidig) (Skuld Club)

All claims for this incident have been finalised by either mediation or judgment and a total of KRW 432.9 billion has been awarded. The 1992 Fund has paid a total of KRW 107.3 billion in compensation to the Government of the Republic of Korea. Following the conclusion of a bilateral agreement, the 1992 Fund paid to the Government the balance of compensation due totalling KRW 27 486 198 196 for it to pay all remaining claims. In return, the Government provided the safeguards the 1992 Fund needs to be protected from further actions in the Courts against the 1992 Fund. The Fund has brought a recourse action in the Republic of Korea to recover a proportion of the amounts paid for this incident from the Samsung Heavy Industries Co. Ltd (SHI) Limitation Fund. In April 2019, the 1992 Fund made an additional payment of KRW 22 billion to the shipowner's insurer, the Skuld Club and set aside a balance of some KRW 3.4 billion to be paid when the legal proceedings have been concluded. Since this major incident, which led to some 128 000 claims for compensation, is drawing to a close, a meeting has been planned with key parties in May 2020 to discuss the lessons learned from the case.



KRW 178 787 509 429

Compensation paid
by 1992 Fund as
at 31/12/2019

OMR 3 519 068

Compensation paid
by 1992 Fund as
at 31/12/2019

NESA R3
(SULTANATE OF OMAN, JUNE 2013)

Ship	<i>Nesa R3</i>
Date of incident	19/06/2013
Place of incident	About 1.4 nautical miles off the Port Sultan Qaboos, Muscat, Sultanate of Oman
Cause of incident	Sinking
Quantity of spill	In excess of 250 tonnes
Area affected	Some 40 kilometres of shoreline
Flag State of ship	Saint Kitts and Nevis
Gross tonnage	856 GT
P&I Insurer	Indian Ocean Ship Owners Mutual P&I Club, Sri Lanka

All attempts made by the Omani authorities to obtain a financial commitment by the shipowner of the *Nesa R3* have been unsuccessful. All claims relating to this incident have been settled and all compensation due from the 1992 Fund, totalling OMR 3.5 million (£6.7 million), has been paid. The 1992 Fund has now subrogated all the rights to compensation from the claimants and it will continue to pursue recovery of the compensation paid from the shipowner and insurer.

TRIDENT STAR
MALAYSIA, AUGUST 2016)

Ship	<i>Trident Star</i>
Date of incident	24/8/2016
Place of incident	Malaysia
Cause of incident	Overflow
Quantity of spill	Unconfirmed
Flag State of ship	Malaysia
Gross tonnage	3 177 GT
P&I Insurer	The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)

Claims for pollution damage arising from the incident exceed the 1992 CLC limit applicable to the *Trident Star*. Therefore, the 1992 Fund is liable to pay compensation in respect of this incident and the 1992 Fund Executive Committee has authorised the Director to do so. However, the amounts paid by the 1992 Fund should be recovered from the shipowner's insurer under the Small Tanker Oil Pollution Indemnification Agreement (STOPIA) 2006.

NATHAN E. STEWART
(FORMERLY 'INCIDENT IN CANADA')
(OCTOBER 2016)

Ship	Articulated tug-barge (ATB) composed of the tug <i>Nathan E. Stewart</i> and the tank barge DBL 55
Date of incident	13/10/2016
Cause of incident	Human error (probably due to fatigue)
Quantity of oil spilled	110 000 litres of diesel oil
Area affected	Entrance of Seaforth Channel, British Columbia, Canada
Flag State of ship	United States of America
Gross tonnage	ATB unit less than 5000 units of tonnage (tug 320 GT)
P&I Insurer	Starr Indemnity & Liability Company

The application of the Conventions is not clear in this case as there is a question over whether the *Nathan E. Stewart/DBL 55* ATB falls within the definition of 'ship' under Article I(1) of the 1992 CLC. In addition, at the time of the incident, the barge was empty and therefore, was not carrying oil in bulk as cargo. Furthermore, it has not been established whether during any previous voyage it had carried any persistent oil in bulk as cargo.

The 1992 Fund has not received any claims in relation to this incident. However, a legal action has been brought against the owners, operators, the master and an officer of the *Nathan E. Stewart/DBL 55* ATB in the Supreme Court of British Columbia and the claimants have included the 1992 Fund and the Supplementary Fund as third parties. The IOPC Funds are taking steps to obtain a clear confirmation of the product carried by the barge so as to obtain a declaration, by consent or by determination of the Court, that the 1992 Civil Liability and Fund Conventions do not apply to this case.

List of open 1992 Fund incidents as at 31 December 2019

SHIP	PLACE OF INCIDENT	YEAR
<i>Prestige</i>	Spain	2002
<i>Solar 1</i>	Philippines	2006
<i>Hebei Spirit</i>	Republic of Korea	2007
<i>Redferm</i>	Nigeria	2009
<i>Haekup Pacific</i>	Republic of Korea	2010
<i>Alfa I</i>	Greece	2012
<i>Nesa R3</i>	Sultanate of Oman	2013
<i>Trident Star</i>	Malaysia	2016
<i>Nathan E. Stewart</i>	Canada	2016
<i>Agia Zoni II</i>	Greece	2017
<i>Bow Jubail</i>	Netherlands	2018

£741 million

paid by the IOPC Funds in compensation since 1978

(£331 million of which was in respect of the 1971 Fund)

INCIDENTS INVOLVING THE SUPPLEMENTARY FUND

As at 31 December 2019, there have been no incidents involving, or likely to involve the Supplementary Fund.

20 years since the *Erika* incident

12 December 2019 marked 20 years since the tanker *Erika* broke in two in the Bay of Biscay, some 60 nautical miles off the coast of Brittany, France. It was a case which **highlighted the devastating impact that oil spills can have on the environment**, the **financial costs** of dealing with such an incident and the **need for regulatory change** in terms of ship safety.

It also **highlighted the importance of the international liability and compensation regime** and in particular the value of having **good cooperation** between the insurer and the Fund, having a **local claims-handling office** and experts available for as long as required and also the support and cooperation of the **oil industry and Government, working together** to ensure equal treatment of claimants.

>20 000

TONNES OIL SPILLED

400 km

OF FRENCH COASTLINE AFFECTED

>7 000

CLAIMANTS

>250 000

TONNES OF OILY WASTE COLLECTED

EUR 129.7 million

COMPENSATION PAID BY INSURER & 1992 FUND

Role of the IOPC Funds, lessons learned & regulatory changes

PROMPT COMPENSATION OF LOSSES

The 1992 Fund had experts on site immediately after the incident and within one month it had opened a **Claims Handling Office in Lorient** which remained open until July 2004.

90% OF CLAIMS SETTLED OUT OF COURT

10% of claims led to legal actions against the insurer and the 1992 Fund. **Out-of-court settlements were reached with the vast majority of claimants.**

LEVEL OF PAYMENTS LIMITED

Level of payments initially **limited to 50%** of the amount of the loss but gradually increased to 100% by April 2003.

Total SA and the French Government stood last in the queue behind other claimants.

SUPPLEMENTARY FUND ESTABLISHED

Governments established the Supplementary Fund Protocol

From now on, it should be possible for all admissible claims to be paid at 100% from the outset in Supplementary Fund Member States.

INTRODUCTION OF MARITIME SAFETY IMPROVEMENTS

The *Erika* incident was the catalyst for discussions within IMO which led to:

- The **accelerated ban of single hull tankers**;
- The **increase in limits of compensation** under the 1992 Conventions; and
- Other **measures to improve ship safety**

ADDITIONAL IMPROVEMENTS MADE

- **Local claims offices** established in subsequent incidents
- **Claims Information Pack** produced to assist claimants

THE LEGAL PROCESS

Criminal charges were brought against several parties. A number of claimants including the French Government, joined the proceedings as civil parties, claiming compensation totalling EUR 400 million.

After several years of criminal proceedings, in 2012 the Court of Cassation confirmed that the following were criminally liable for causing pollution: the representative of the shipowner, the president of the management company, the classification society (RINA) and the charterer/cargo owner (Total SA). Total amount of compensation awarded was EUR 203.8 million. This judgment was not binding on the 1992 Fund, which was not a party to the criminal proceedings.

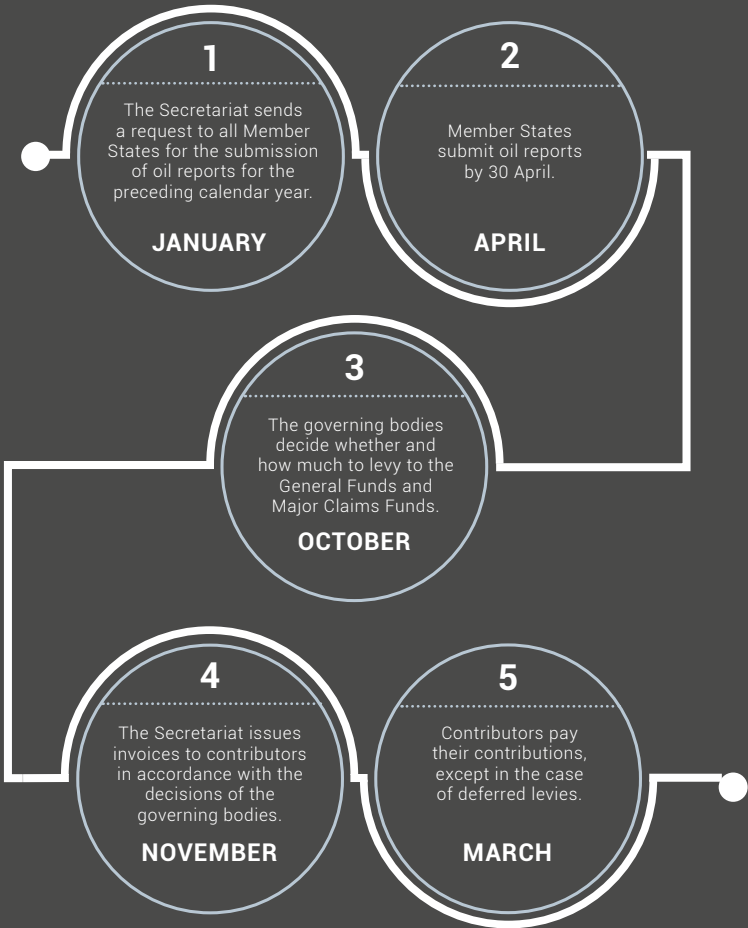
In 2011 the Director signed a global settlement with Steamship Mutual, RINA and Total. The surplus remaining in the *Erika* major claims Fund was reimbursed to contributors.

OIL REPORTING AND CONTRIBUTIONS

The IOPC Funds are financed by contributions levied on those entities in our Member States that receive more than 150 000 tonnes of contributing oil per calendar year, after carriage by sea. We refer to such entities as ‘contributors’ and they pay contributions directly to the Funds (see Financial Review).

Governments of Member States are obliged to report to the Secretariat the quantities of oil received by the contributors in their State each year. These quantities are used to calculate a levy per tonne of oil received in order to provide the contributions required to administer the Funds and to pay claims approved by the governing bodies. The formulas used to calculate the levy per tonne and the individual invoices for contributors are shown below. A system of deferred invoicing exists whereby the total amount to be levied in contributions for a given calendar year is fixed by the governing bodies, however, they may also decide that only a part of that amount should be invoiced for payment by 1 March. The Director is authorised to invoice the remaining amount, or a part thereof, later in the year if it is required to meet the Funds’ financial obligations.

Contributions to the General Funds are calculated using the quantities of contributing oil received in the preceding calendar year by each contributor. Contributions to Major Claims Funds and Claims Funds are calculated using the quantities of contributing oil received in the year preceding the year in which the incident occurred. Only contributors in States that were a Member of the relevant IOPC Fund at the time of the incident pay contributions to Major Claims Funds.



CALCULATION OF CONTRIBUTIONS

TOTAL CONTRIBUTION LEVIED (£)	÷	TOTAL OF CONTRIBUTING OIL RECEIVED IN ALL MEMBER STATES (METRIC TONNES)	=	AMOUNT PER TONNE OF OIL RECEIVED (£ PER T)
QUANTITY OF OIL RECEIVED BY EACH CONTRIBUTOR	x	THE AMOUNT PER TONNE	=	AMOUNT TO BE PAID BY THAT CONTRIBUTOR IN POUNDS STERLING (£)

Q. WHAT IS CONTRIBUTING OIL?

A. Contributing oil is crude or heavy fuel oil that has been transported by tanker to or within a Member State, before being discharged into a port or terminal installation. The IOPC Funds uses the total volume of oil transported in this manner to calculate contributions and allocate the costs of compensation, claims related expenditure and administrative expenses between the contributors in Member States.

Q. DOES A COMPANY THAT RECEIVES OIL TEMPORARILY IN A STORAGE FACILITY FOR OTHERS HAVE TO PAY?

A. It is the first physical receiver of the oil in a Member State who is normally liable to pay contributions, provided that the oil has previously been transported by sea. It does not matter whether the oil is received on behalf of another company. There may be exceptions based on national legislation.

Q. IF NOBODY IN A MEMBER STATE RECEIVES OIL, WHAT HAPPENS?

A. If there are no entities in a 1992 Fund Member State that receive more than 150 000 tonnes of contributing oil in a year, the State must still inform the Fund by submitting a nil report. The State will have financial protection for any tanker spills but would not have to make any contributions. If that State is also a Member of the Supplementary Fund, the State will pay contributions as if it had received one million tonnes.



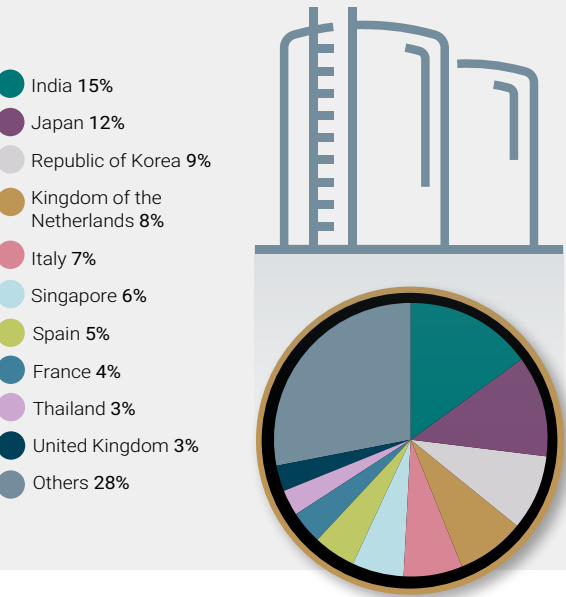
1992 FUND

At the October 2019 sessions of the governing bodies, the 1992 Fund Assembly decided to levy 2019 contributions to the General Fund of £2.3 million, based on oil received in the calendar year 2018 and payable by 1 March 2020. In 2018, the total contributing oil was 1 576 887 054 tonnes and contributions of £0.0014586 per tonne were levied. For the purpose of calculating the levy per tonne, the total contributing oil received in all Member States consists of the total amount reported to the IOPC Funds plus an estimate of the amount received by contributors whose reports are pending at the time of invoicing. The 10 largest contributing Member States to the 1992 Fund are shown in the pie chart below.

In addition, the 1992 Fund Assembly decided to levy contributions of £3.6 million to the *Nesa R3* Major Claims Fund and £5 million to the *Agia Zoni II* Major Claims Fund, both payable by 1 March 2020. The levies of contributions to these Major Claims Funds were based on the oil reported for the calendar year 2012 in respect of the *Nesa R3* and 2016 in respect of the *Agia Zoni II*.

The 1992 Fund Assembly decided not to levy 2019 contributions to the *Prestige*, *Hebei Spirit* and *Alfa I* Major Claims Funds.

CONTRIBUTING OIL RECEIVED IN 1992 FUND MEMBER STATES IN 2018 (AS REPORTED BY 31 DECEMBER 2019)



Contributing oil received in the calendar year 2018 in the territories of States which were Members of the 1992 Fund on 31 December 2019

MEMBER STATE	CONTRIBUTING OIL RECEIVED IN 2018 (TONNES)	% OF TOTAL
India	224 119 775	14.59%
Japan	185 997 158	12.10%
Republic of Korea	143 190 093	9.32%
Italy	111 895 688	7.28%
Netherlands (Kingdom of the Netherlands)*	110 511 447	7.19%
Singapore	95 964 962	6.25%
Spain	78 212 787	5.09%
France	58 926 952	3.83%
Thailand	52 302 230	3.40%
United Kingdom	50 420 120	3.28%
Canada	43 818 966	2.85%
Greece	30 476 969	1.98%
Malaysia	28 249 065	1.84%
Turkey	26 429 002	1.72%
Sweden	21 902 968	1.43%
United Arab Emirates	21 636 415	1.41%
Germany	21 070 868	1.37%
Australia	20 591 034	1.34%
South Africa	20 426 819	1.33%
Israel	14 570 932	0.95%
Finland	13 947 986	0.91%
Portugal	13 308 246	0.87%
Philippines	12 801 794	0.83%
Norway	12 058 685	0.78%
Poland	11 584 150	0.75%
Lithuania	9 661 824	0.63%
Venezuela (Bolivarian Republic of)	9 389 318	0.61%
Croatia	8 387 210	0.55%
Bahamas	8 228 248	0.54%
China**	7 101 724	0.46%
Bulgaria	5 958 184	0.39%
New Zealand	5 695 174	0.37%
Denmark	5 563 171	0.36%

MEMBER STATE	CONTRIBUTING OIL RECEIVED IN 2018 (TONNES)	% OF TOTAL
Belgium	4 978 402	0.32%
Saint Lucia	3 754 941	0.24%
Curaçao (Kingdom of the Netherlands)*	3 626 843	0.24%
Mexico	3 474 503	0.23%
Trinidad and Tobago	3 159 721	0.21%
Ireland	2 985 991	0.19%
Aruba (Kingdom of the Netherlands)*	2 868 375	0.19%
Côte d'Ivoire	2 595 089	0.17%
Ecuador	2 523 353	0.16%
Estonia	2 445 547	0.16%
Jamaica	2 403 549	0.16%
Malta	2 224 591	0.14%
Uruguay	2 127 866	0.14%
Sri Lanka	1 977 268	0.13%
Colombia	1 902 963	0.12%
Senegal	1 474 654	0.10%
Papua New Guinea	1 197 711	0.08%
Tunisia	1 178 042	0.08%
Cyprus	817 999	0.05%
Morocco	814 586	0.05%
Nicaragua	800 853	0.05%
Mauritius	773 166	0.05%
Qatar	631 189	0.04%
Cameroon	596 805	0.04%
Algeria	370 983	0.02%
Tanzania	297 723	0.02%
Antigua and Barbuda	183 963	0.01%
Total	1 536 586 640	

No contributing oil was received during 2018 in the following 43 territories of Member States:

Belize, Benin, Brunei Darussalam, Cabo Verde, Cambodia, Congo (the), Cook Islands, Dominica, Fiji, Georgia, Ghana, Grenada, Hungary, Iceland, Kenya, Kiribati, Latvia, Liberia, Luxembourg, Madagascar, Maldives, Marshall Islands, Monaco, Montenegro, Mozambique, Namibia, Nigeria, Niue, Palau, Russian Federation, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Samoa, Serbia, Seychelles, Sierra Leone, Sint Maarten (Kingdom of the Netherlands)*, Slovakia, Slovenia, Switzerland, Tonga, Tuvalu, Vanuatu.

As at 31 December 2019, oil reports for the calendar year 2018 had not been received for the territories of 15 Member States:

Albania, Angola, Argentina, Bahrain, Barbados, Comoros, Djibouti, Dominican Republic, Gabon, Guinea, Iran (Islamic Republic of), Mauritania, Oman, Panama, Syrian Arab Republic.

Regrettably, there are four Member States with outstanding reports for five or more years: Dominican Republic (20 years); Saint Lucia (11 years); Syrian Arab Republic (10 years); and Albania (6 years). Dominican Republic and Syrian Arab Republic have not submitted any reports to the 1992 Fund since becoming Member States.

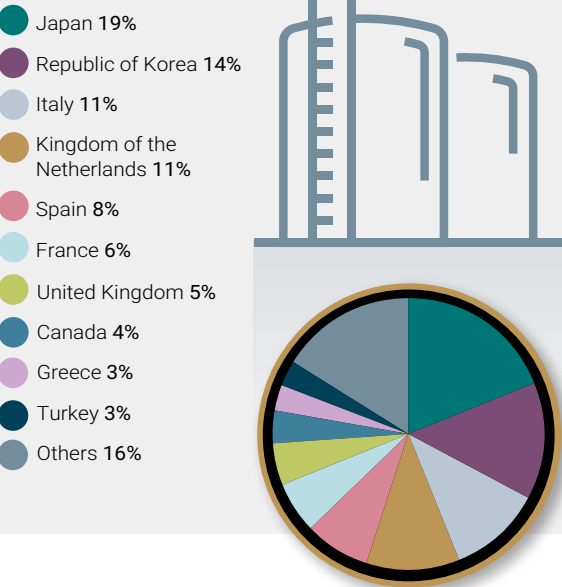
* The Netherlands, Aruba, Curaçao and Sint Maarten are autonomous partners within the Kingdom of the Netherlands, a status which obliges them to submit reports of contributing oil to the 1992 Fund directly. The Supplementary Fund has not been extended to Aruba, Curaçao or Sint Maarten.

** The 1992 Fund Convention applies to the Hong Kong Special Administrative Region only.

SUPPLEMENTARY FUND

At the October 2019 sessions of the governing bodies, the Supplementary Fund Assembly decided not to levy 2019 contributions, since there had been no incidents involving the Supplementary Fund.

CONTRIBUTING OIL RECEIVED IN SUPPLEMENTARY FUND MEMBER STATES IN 2018 (AS REPORTED BY 31 DECEMBER 2019)



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Q. HOW MUCH DOES IT COST TO BE A MEMBER OF THE 1992 FUND OR THE SUPPLEMENTARY FUND?

A. States do not incur any direct costs. Rather it is the oil receiving entities in States which are liable to pay contributions. There are no fixed fees to pay and the level of contributions varies each year, depending on the amounts of compensation and claims-related expenditure which the 1992 Fund or the Supplementary Fund has to pay. That depends on the incidents which have occurred. The annual administrative budget of the Secretariat is relatively small. The amount invoiced per tonne of contributing oil (the levy) is dependent on the budget requirements for that year and the total amount of oil received in the relevant calendar year.



Contributing oil received in the calendar year 2018 in the territories of States which were Members of the Supplementary Fund on 31 December 2019.

MEMBER STATE	CONTRIBUTING OIL RECEIVED IN 2018 (TONNES)	% OF TOTAL
Japan	185 997 158	18.58%
Republic of Korea	143 190 093	14.30%
Italy	111 895 688	11.18%
Netherlands (Kingdom of the Netherlands)*	110 511 447	11.04%
Spain	78 212 787	7.81%
France	58 926 952	5.89%
United Kingdom	50 420 120	5.04%
Canada	43 818 966	4.38%
Greece	30 476 969	3.04%
Turkey	26 429 002	2.64%
Sweden	21 902 968	2.19%
Germany	21 070 868	2.10%
Australia	20 591 034	2.06%
Finland	13 947 986	1.39%
Portugal	13 308 246	1.33%
Norway	12 058 685	1.20%
Poland	11 584 150	1.16%
Lithuania	9 661 824	0.97%
Croatia	8 387 210	0.84%
New Zealand	5 695 174	0.57%
Denmark	5 563 171	0.56%
Belgium	4 978 402	0.50%
Ireland	2 985 991	0.30%
Estonia	2 445 547	0.24%
Congo (the)	1 000 000	0.10%
Hungary	1 000 000	0.10%
Latvia	1 000 000	0.10%
Montenegro	1 000 000	0.10%
Morocco	1 000 000	0.10%
Slovakia	1 000 000	0.10%
Slovenia	1 000 000	0.10%
Total	1 001 060 438	

As at 31 December 2019, oil reports for the calendar year 2018 had not been received from Barbados.

* The Netherlands, Aruba, Curaçao and Sint Maarten are autonomous partners within the Kingdom of the Netherlands, a status which obliges them to submit reports of contributing oil to the 1992 Fund directly. The Supplementary Fund has not been extended to Aruba, Curaçao or Sint Maarten.



EXTERNAL RELATIONS

The Secretariat of the IOPC Funds undertakes a range of activities aimed at strengthening the IOPC Funds' relationships with Member States and other international, intergovernmental or non-governmental organisations.

From time to time, the Secretariat organises or participates in events such as national and regional workshops or gives presentations to enhance understanding of the international liability and compensation regime, to assist with implementation

of the Conventions at a national level and to assist potential claimants. Meetings between the Secretariat and government authorities within Member States are often highly beneficial to both parties. Such visits normally result in the resolution of

longstanding issues such as the payment of outstanding contributions and submission of oil reports. The main activities in 2019 are outlined below and shown on the following map, together with other key outreach activities delivered since 2015.

KEY ACTIVITIES CONDUCTED DURING 2015–2019

1 Location: *Ottawa, Canada*
Name of Event: *SOPF 30th anniversary celebration*
Participation in the 30th anniversary of the Canadian Ship-source Oil Pollution Fund (SOPF). Presentation delivered on the work of the organisation, highlighting the close working relationship between the SOPF and the IOPC Funds.

2 Location: *Portland, United States*
Name of Event: *Transboundary liability & compensation workshop*
Participation in the transboundary oil spill liability and compensation workshop hosted by the United States Coast Guard. Presentation delivered on and discussion about the IOPC Funds' experience of handling claims arising from incidents affecting more than one State.

3 Location: *Mexico City, Mexico*
Name of Event: *CMI Mexico Colloquium 2019 & Marine Environment Protection Seminar*
Participation in the Comité Maritime International (CMI) Mexico Colloquium at the invitation of the Mexican Maritime Law Association (Mexican MLA). Presentation delivered on the benefits of ratifying the Conventions with particular focus on Latin American States.

4 Location: *Kingston, Jamaica*
Name of Event: *Liability and compensation workshop*
Participation in a liability and compensation workshop organised by the International Seabed Authority (ISA), the Centre for International Governance Innovation and the Commonwealth Secretariat. Presentation delivered on the Funds' policy on claims for environmental damage and the possible future collaboration between the ISA and the Funds.

5 Location: *San José, Costa Rica*
Name of Event: *National workshop*
Participation in and presentations delivered at a national workshop on liability and compensation, in cooperation with IMO and the Central American Commission on Maritime Transport (COCATRAM).

6 Location: *Cartagena de Indias, Colombia*
Name of Event: *2019 World Maritime Day Parallel Event & Maritime Law Seminar*
Participation in the 2019 World Maritime Day Parallel Event and presentation delivered at the third International Seminar on Maritime Law organised by the Colombian Maritime Law Association (ACOLDEMAR).

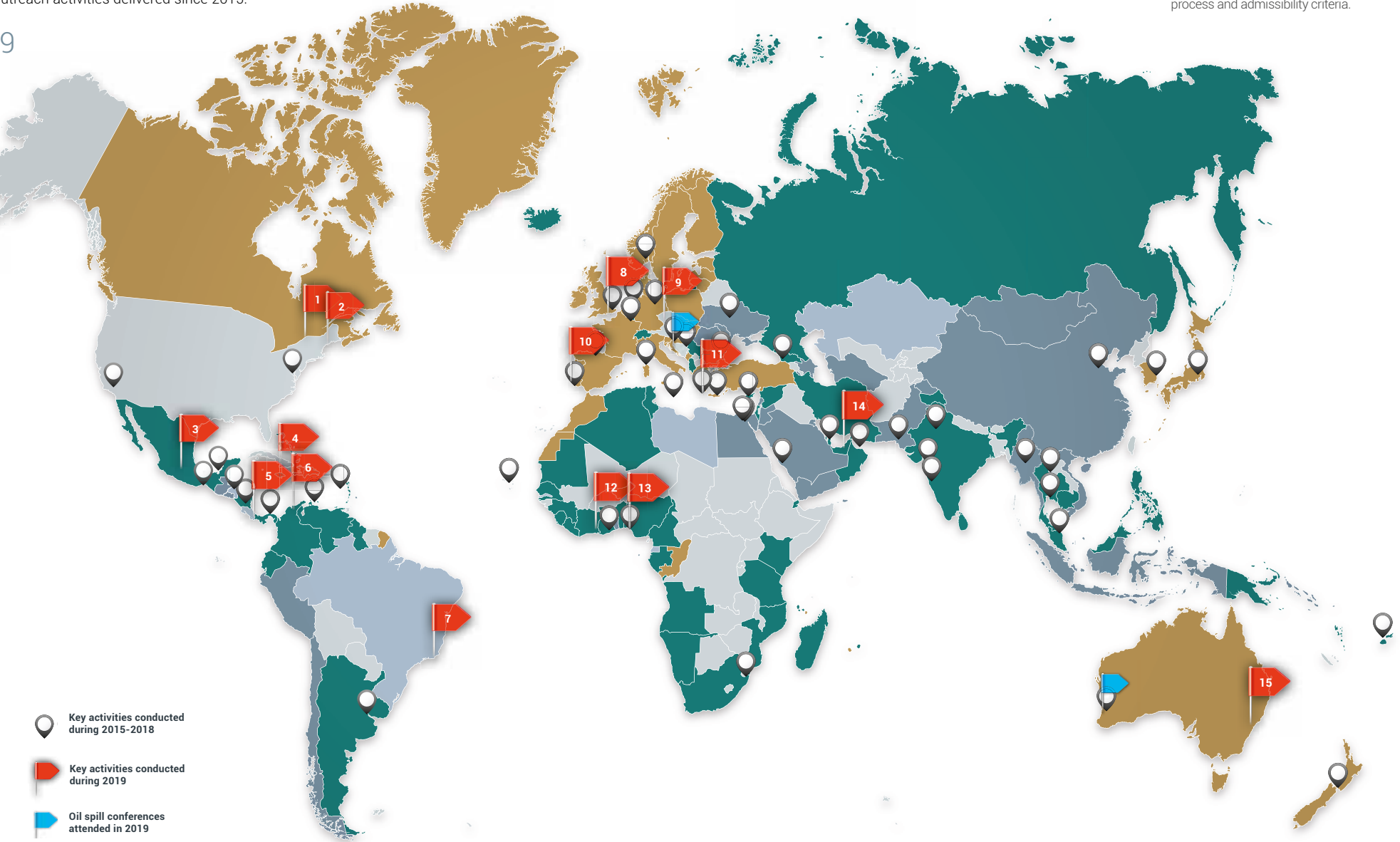
7 Location: *Rio de Janeiro, Brazil*
Name of Event: *National workshop*
Participation in a national workshop on liability and cost recovery hosted by the International Group of P&I Associations. Presentation delivered on liability and compensation in respect of the removal of ships and cargo following an incident.

8 Location: *London, United Kingdom*
Name of Event: *ROCRAM/ROCRAM-CA workshop*
Presentations delivered during a one-day workshop organised by IMO, for ROCRAM and ROCRAM-CA States, which focused on technical cooperation matters, including the implementation of key conventions.

9 Location: *Prague, Czech Republic*
Name of Event: *42nd ATCM*
Participation in the 42nd Antarctic Treaty Consultative Meeting (ATCM). Presentation delivered on compensation for pollution damage and the Funds' policy on environmental restoration.

10 Location: *Lisbon, Portugal*
Name of Event: *EMSA course on liability and compensation*
Participation in and presentations delivered as part of the European Maritime Safety Agency (EMSA) training course on liability and compensation, aimed at representatives from Member States of the European Union.

11 Location: *Floriana, Malta*
Name of Event: *REMPEC 13th Meeting of the Focal Points*
Participation in the 13th Meeting of the Focal Points of the Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC). Presentation given on the latest developments in the international liability and compensation regime.



Key activities conducted during 2015-2018

Key activities conducted during 2019

Oil spill conferences attended in 2019

12 Location: *Abidjan, Côte d'Ivoire*
Name of Event: *Sub-regional workshop*
Participation in the sub-regional workshop on the ratification and implementation of IMO international conventions organised by the Global Initiative for West, Central and Southern Africa (GI WACAF) Project. Presentations delivered on issues relating to the implementation of the 1992 Conventions into national law.

13 Location: *Lagos, Nigeria*
Name of Event: *National workshop*
Delivery of a national workshop on claims & compensation hosted by the National Oil Spill Detection and Response Agency (NOSDRA), and in collaboration with the Nigerian Maritime Administration and Safety Agency (NIMASA) and the Global Initiative for West, Central and Southern Africa (GI WACAF) Project.

14 Location: *Dubai, United Arab Emirates*
Name of Event: *Regional workshop*
Participation in a regional workshop on the IMO Civil Liability Conventions hosted by the Federal Transport Authority of the UAE, in cooperation with IMO. Presentations delivered on the international liability and compensation regime, the role of the IOPC Funds and the 2010 HNS Convention.

15 Location: *Sydney, Australia*
Name of Event: *Short Course*
Delivery of Short Course in collaboration with the International Group of P&I Associations at the invitation of the Australian Maritime Safety Authority (AMSA). Presentations given on the legal framework behind the regime and the admissibility of claims, followed by an exercise on submitting clean-up claims for a theoretical incident.

OIL SPILL CONFERENCES

Location: *Opatija, Croatia*
Name of Event: *ADRIASPELLCON 2019*
Participation in the fourth Adriatic Spill Conference and Exhibition with an IOPC Funds exhibition stand. Session chaired and presentations delivered on recent developments in the international regime and the 2010 HNS Convention.

Location: *Perth, Australia*
Name of Event: *Spillcon 2019*
Participation in the international oil spill conference for the Asia-Pacific region. Contribution to workshop on the importance of preparedness and response to incidents in remote locations. Hosted exhibition stand and provided information on the work of the organisation and guidance on the claims process and admissibility criteria.

COOPERATION WITH IMO

The Secretariat has continued its close cooperation with the IMO Secretariat on various matters, liaising regularly with the Legal Affairs and External Relations Division on items of mutual interest, including sharing information on progress by States towards ratification and implementation of the 1992 Conventions and Supplementary Fund Protocol as well as the 2010 HNS Convention. That cooperation also extended to the Technical Cooperation and Marine Environment Divisions, working together on the delivery of various outreach activities to widen awareness of the international liability and compensation regime.

IN-HOUSE VISITS

In addition to these activities, delegations from a variety of organisations and universities visit the Funds' offices when in London. In 2019, visitors included students from the Satakunta University of Applied Sciences in Finland, the International Tribunal for the Law of the Sea (ITLOS) in Germany, the universities of Deusto and Catalonia in Spain, Ghent in Belgium and the Centre for Transnational Legal Studies in the United Kingdom. During these visits, the Secretariat delivered presentations and held question and answer sessions on the international liability and compensation regime.



WEBSITE

The IOPC Funds' website is the hub for all information pertaining to the organisations and is available in English, French and Spanish. It is divided into five main sections covering the work and structure of the organisations, compensation and claims management, incidents, the latest news and upcoming events as well as a section containing the publications produced by the Funds, which includes an online archive of all Annual Reports issued since 1978. Additionally, the website incorporates various interactive features, such as a map of incidents involving the IOPC Funds, with case studies and information relating to incidents dating back to the establishment of the 1971 Fund and a map displaying the membership of the IOPC Funds, with country profiles for individual States. The online reporting system (ORS) and the HNS Convention website are also accessible via the main website. The Document Services section of the website contains all meeting documents, resolutions and circulars issued by the IOPC Funds as well as the online meeting registration system. It serves as an essential tool for delegates to Funds' meetings, who are strongly encouraged to register for an account. Additional benefits for registered users include the facility to store and download documents in bulk, to receive direct notifications of meeting documents as they are published, regular updates of news and events from the IOPC Funds, including the confirmation of meeting dates and circulation of the invitation and agenda to those meetings, and the facility to more easily register multiple meeting attendees and to submit credentials online.

INDUCTION COURSE

Following the success of the Short Course and having received positive feedback on the first Induction Course held in 2017, the Secretariat experienced a continued demand from Member States to hold training specifically aimed at providing delegates with an insight into the functioning of the IOPC Funds and a better understanding of what exactly happens in the event of an oil spill. The half-day Induction Course was held for 1992 Fund Member States in October 2019 and included a morning presentation session which was followed by a networking luncheon for all participants. The Director intends to offer the course to delegates annually and arrange for the course to be held just before the regular sessions of the governing bodies in order to maximise participation.

SHORT INTRODUCTORY VIDEO

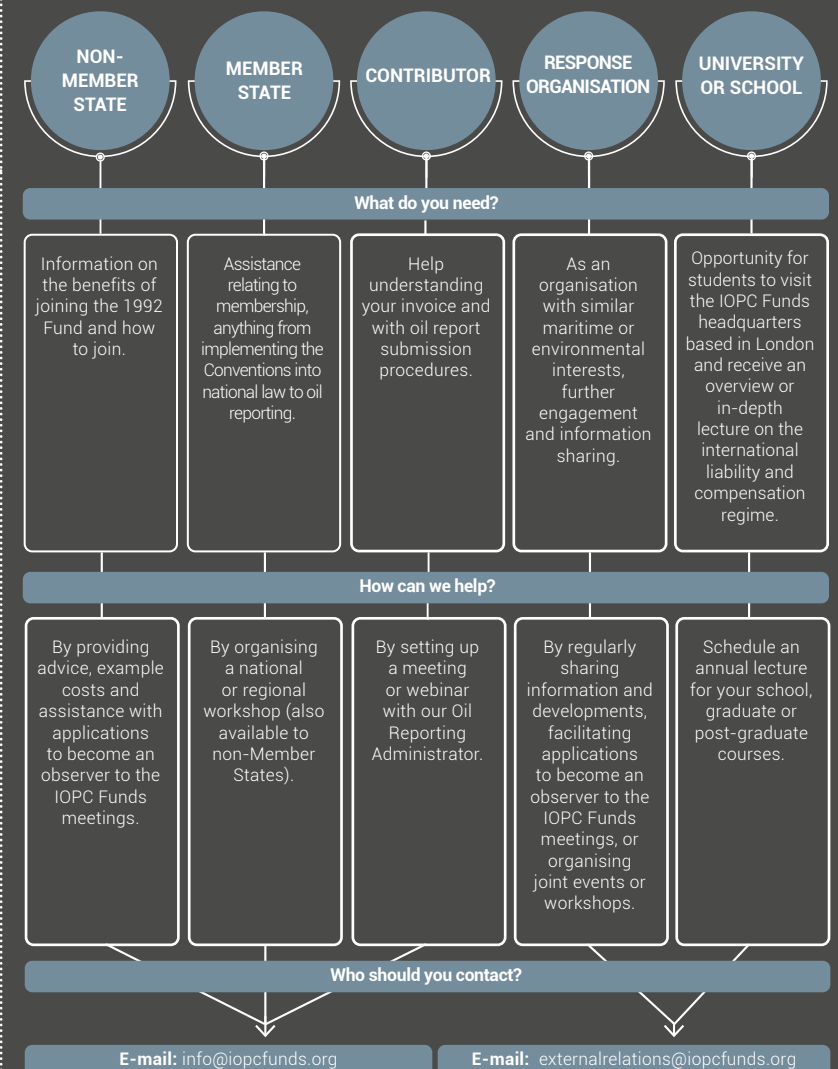
In June 2019, the Secretariat published an updated version of the Funds' introductory video to include the latest figures and a number of minor improvements. The video, which was first released in May 2018, covers the role, structure and activities of the IOPC Funds, as well as an overview of the legal framework behind the international liability and compensation regime. The video is intended to provide a general introduction for those not familiar with the organisation and its work and brings all the basic information from reporting of contributing oil to the claims admissibility criteria together in one place. It is available in English, French and Spanish and can be found under the About Us section of the website.



Visiting students at the International Maritime Law Institute (IMLI) in Malta in April 2019

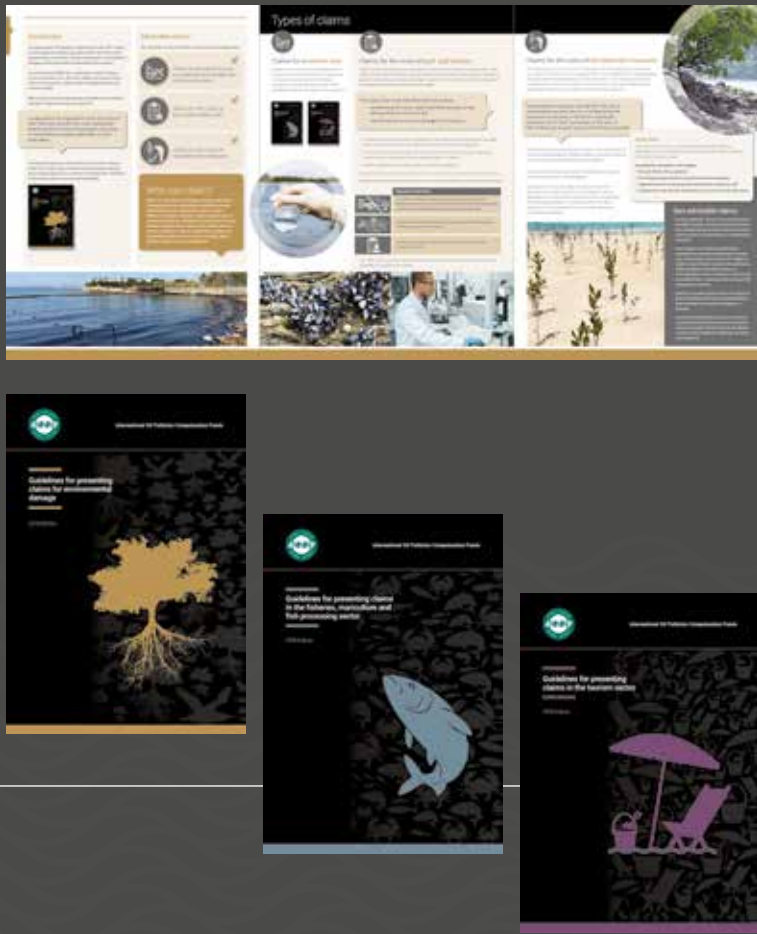
WANT TO LEARN MORE?

CONTACT US TO ORGANISE A VISIT, EVENT OR ACTIVITY WITH THE SECRETARIAT. WE'RE HERE TO HELP.



PUBLICATIONS

In addition to the Annual Report 2018, during 2019 the Secretariat also printed a shortened version of the Guidelines for presenting claims for environmental damage. The six-page brochure, entitled 'Claims for Environmental Damage: An Overview' summarises the key points of the Funds' policy on claims for environmental damage, and presents them in a more simplified, visual format. A new edition of the 1992 Fund Claims Manual was also published in April 2019. The latest edition incorporates the text approved by the governing bodies in April 2018 setting out revised assessment criteria for claims for compensation made by employees who have suffered a reduction in wages, been placed on part-time work or been made redundant as a consequence of an incident. The Guidelines for presenting claims in the fisheries, mariculture and fish processing sector (Fisheries Guidelines) and the Guidelines for presenting claims in the tourism sector (Tourism Guidelines) were also amended to reflect the change in the criteria. Two further publications, the 1992 Fund Financial Review 2018 and the Supplementary Fund Financial Review 2018, were also developed. These contain the full audited financial statements approved by the governing bodies at their regular sessions and are available to download from the Publications section of the website.



RELATIONS WITH NON-MEMBER STATES

The 1992 Fund Assembly has granted observer status to a number of States that have never been Party to the 1992 Fund Convention. States which are invited to send observers to sessions of the Assembly of the 1992 Fund automatically also have observer status with the Supplementary Fund.

OBSERVER STATES OF THE 1992 FUND AND SUPPLEMENTARY FUND

- Bolivia (Plurinational State of)
- Brazil
- Chile
- Democratic People's Republic of Korea
- Egypt
- Gambia (the)
- Guatemala
- Guyana
- Honduras
- Indonesia
- Kuwait
- Lebanon
- Pakistan
- Peru
- Saudi Arabia
- Ukraine
- United States

RELATIONS WITH INTERNATIONAL ORGANISATIONS

A number of interested intergovernmental and non-governmental organisations also have observer status with the IOPC Funds, enabling them to participate in discussions at meetings of the governing bodies.

INTERGOVERNMENTAL ORGANISATIONS GRANTED OBSERVER STATUS

- Baltic Marine Environment Protection Commission – Helsinki Commission (HELCOM)
- Central Commission for the Navigation of the Rhine (CCNR)
- European Commission
- International Institute for the Unification of Private Law (UNIDROIT)
- International Maritime Organization (IMO)
- Maritime Organisation of West and Central Africa (MOWCA)
- Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC)
- United Nations (UN)
- United Nations Environment Programme (UNEP)

NON-GOVERNMENTAL ORGANISATIONS GRANTED OBSERVER STATUS

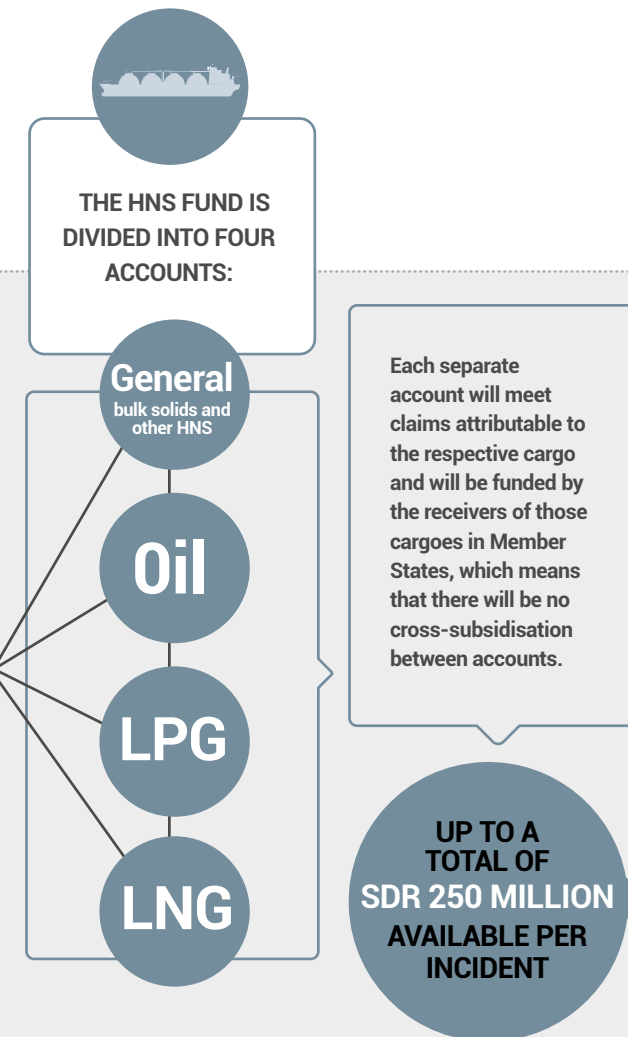
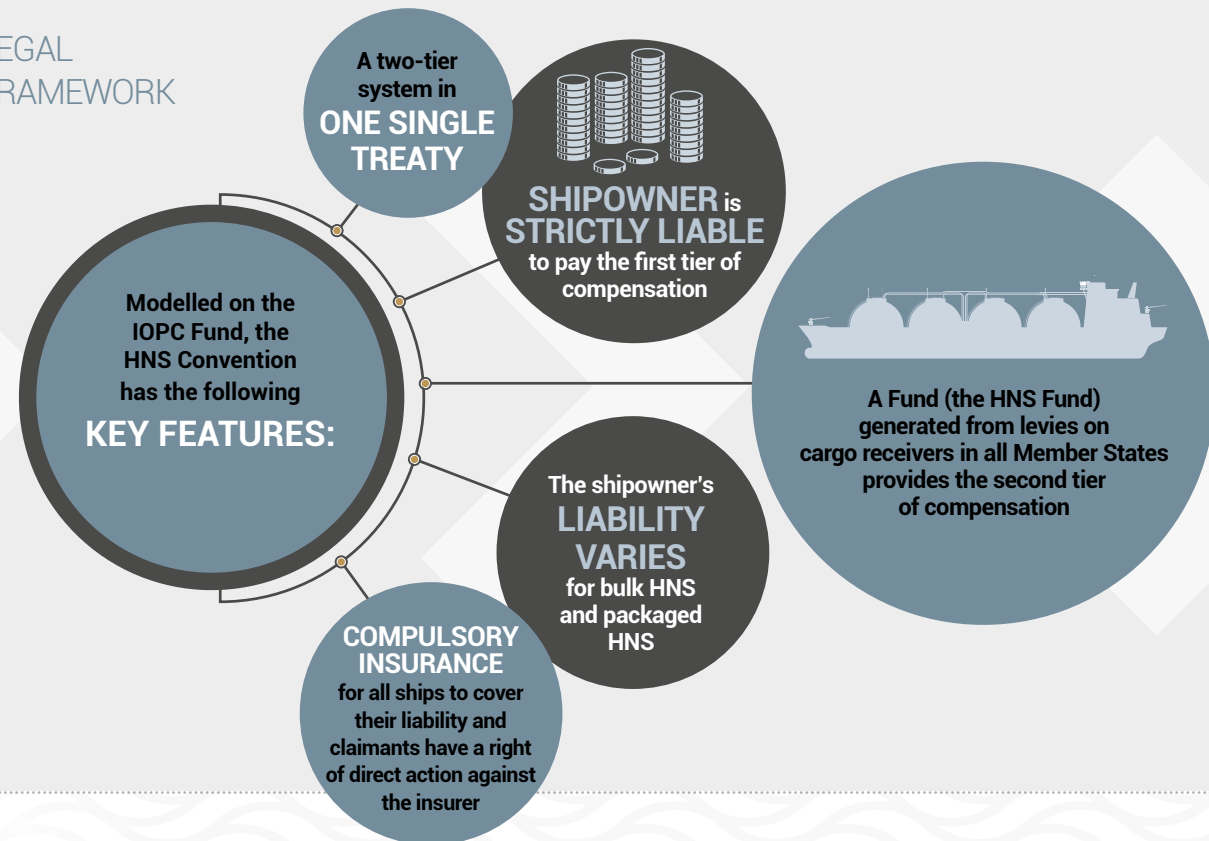
- BIMCO
- Cedre
- Comité Maritime International (CMI)
- Conference of Peripheral Maritime Regions (CPMR)
- European Chemical Industry Council (CEFIC)
- Iberoamerican Maritime Law Institute (IIDM)
- International Association of Classification Societies Ltd (IACS)
- International Association of Independent Tanker Owners (INTERTANKO)
- International Chamber of Shipping (ICS)
- International Group of P&I Associations
- International Salvage Union (ISU)
- International Spill Control Organization (ISCO)
- International Union of Marine Insurance (IUMI)
- ITOPF
- Oil Companies International Marine Forum (OCIMF)
- Sea Alarm Foundation (Sea Alarm)
- World LPG Association (WLPGA)



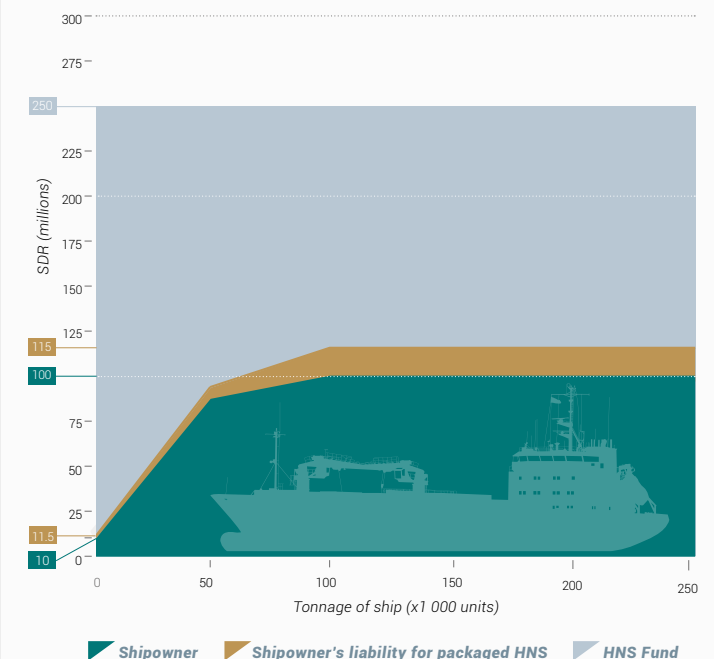
THE 2010 HNS CONVENTION

The International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 2010 (2010 HNS Convention) aims to ensure adequate, prompt and effective compensation for personal injury, damage to property, costs of clean-up and reinstatement measures and economic losses resulting from the maritime transport of hazardous and noxious substances (HNS).

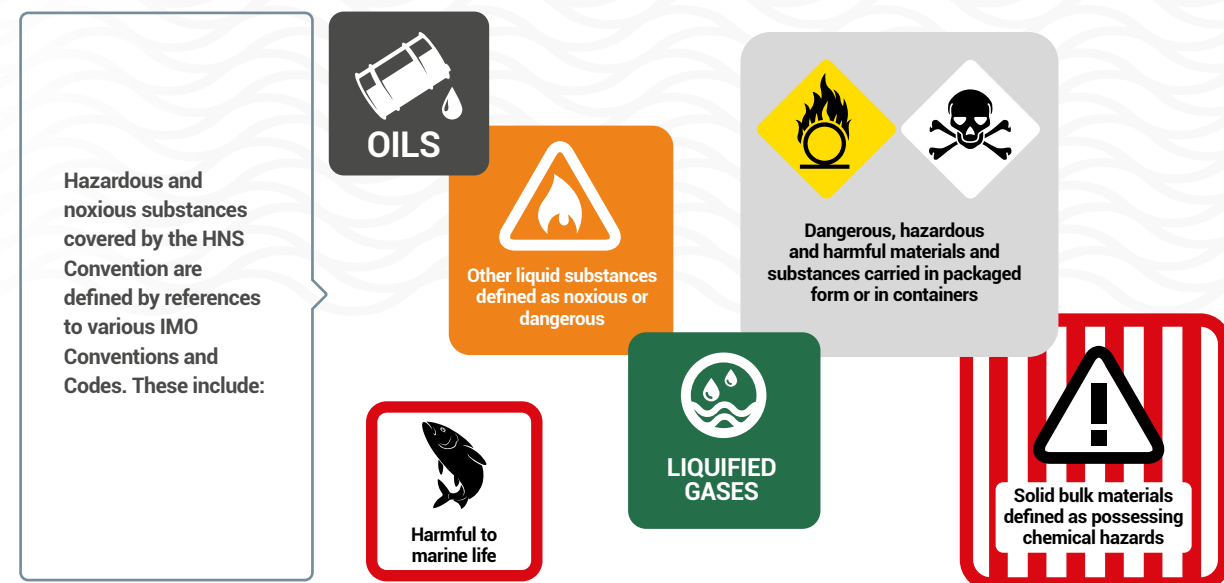
LEGAL FRAMEWORK



MAXIMUM LIMITS OF COMPENSATION



WHAT ARE HNS?



ENTRY INTO FORCE CONDITIONS

The 2010 HNS Convention will enter into force 18 months after the date on which:

12 STATES HAVE RATIFIED

There are 4 contracting STATES each with no less than 2 MILLION units of gross tonnage

The general account's contributing cargo volume is at least 40 MILLION tonnes

STATUS OF THE CONVENTION

On 15 July 2019, the Republic of South Africa deposited with IMO an instrument of accession to the 2010 HNS Protocol, becoming the fifth Contracting State.

Contracting States as at 1 February 2020:

- Canada
- Kingdom of Denmark
- Kingdom of Norway
- Republic of Turkey
- South Africa

Since four of those States have reported more than 2 million units of gross tonnage (Canada, Denmark, Norway and Turkey),



one of the conditions for entry into force of the 2010 HNS Protocol is already fulfilled.

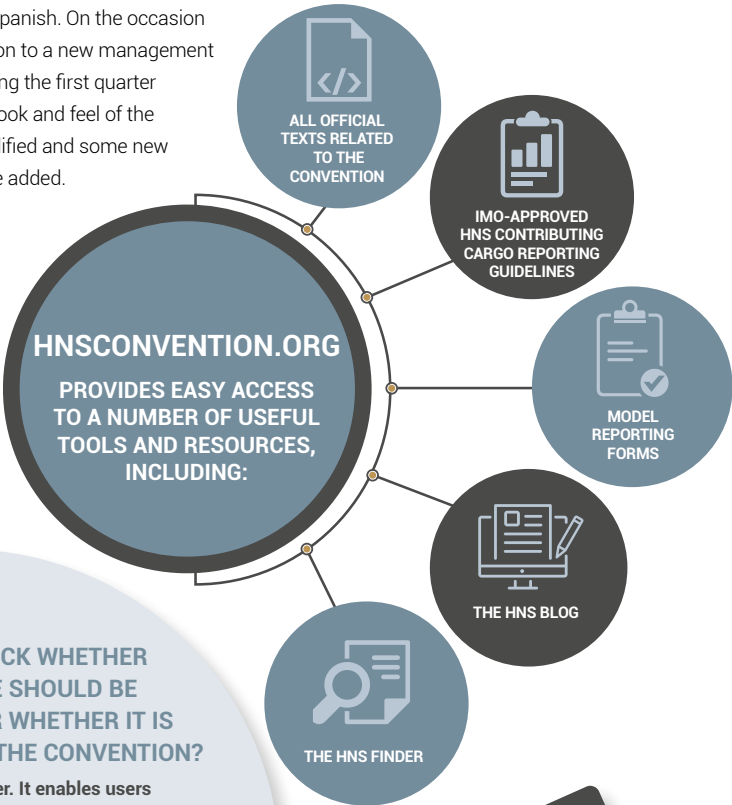
A number of other States have indicated on several occasions that they are working towards implementation of the Convention in 2020 with a view to ratifying or acceding to it during the course of 2021 or 2022.

ROLE OF THE IOPC FUNDS AND WORK UNDERTAKEN IN 2019

The 1992 Fund Secretariat was assigned to carry out the administrative tasks necessary to set up the HNS Fund on the occasion of the international conference, held in April 2010, which adopted a Protocol to the HNS Convention (2010 HNS Protocol). In close cooperation with the IMO Secretariat, the 1992 Fund Secretariat has since continued to prepare for the entry into force of the Convention.

WEBSITE

The Secretariat maintains the website www.hnsconvention.org in English, French and Spanish. On the occasion of its migration to a new management platform during the first quarter of 2019, the look and feel of the site was modified and some new features were added.



WANT TO CHECK WHETHER A SUBSTANCE SHOULD BE REPORTED OR WHETHER IT IS COVERED BY THE CONVENTION?

Use the HNS Finder. It enables users to determine whether a substance is contributing cargo that must be reported and whether it qualifies for compensation under the Convention. It is updated annually by the 1992 Fund Secretariat and in 2019, in cooperation with the relevant technical divisions of IMO and external experts, a full review of the list was undertaken and the updated version, which includes some improvements to its interface, is now available on the website.

HAVE A QUESTION OR COMMENT ABOUT THE HNS CONVENTION?

Use the HNS blog. A moderated blog section was incorporated into the site in 2019, allowing States and other interested stakeholders to share information, raise issues and ask questions. Any such questions will receive a response from the Secretariat, and these will be posted online. All interested parties are urged to use this tool so that other interested stakeholders can also benefit and widen their knowledge of the subject.

ASSISTANCE

Given the relative complexity of the contributing cargo reporting obligations, IMO, with support from the IOPC Funds Secretariat when possible, has been offering assistance to new Contracting States in verifying contributing cargo data when required.

The 1992 Fund Secretariat participated in various workshops on the liability and compensation regime for oil spills in 2019 (see pages 32-33) which enabled the Secretariat to also deliver presentations on the importance of introducing a similar system for HNS. In particular, the IOPC Funds were invited to speak about HNS at events in Australia, Croatia, Mexico and United Arab Emirates.

A number of European States are making progress towards implementation of the HNS Convention, including Belgium, France, Germany and the Netherlands. Productive discussions were held at the end of 2019, during which a number of practical issues were clarified and a renewed commitment was made by all four of those States to jointly work towards an early implementation of the HNS Convention in their respective domestic legislation.

WORK AHEAD

The Secretariat will continue to work together with IMO and other key stakeholders to facilitate the entry into force of the HNS Convention and prepare for the establishment of the HNS Fund and will regularly report on its progress to the 1992 Fund Assembly and the IMO Legal Committee.

GOVERNING BODIES



- 42 Structure of the Governing Bodies
- 43 Participation at Meetings
- 44 Sessions of the Governing Bodies in 2019











STRUCTURE OF THE GOVERNING BODIES

1992 FUND ASSEMBLY (Administrative Council if no quorum)	1992 FUND EXECUTIVE COMMITTEE	SUPPLEMENTARY FUND ASSEMBLY (Administrative Council if no quorum)
Composition: All 1992 Fund Member States	Composition: 15 elected Member States, 7 from among the 11 largest oil receiving States and 8 from the other Member States, taking into account an equitable geographical distribution.	Composition: All Supplementary Fund Member States
Chair: Gaute Sivertsen (Norway)	Chair: Gillian Grant (Canada)	Chair: Sungbum Kim (Republic of Korea)
First Vice-Chair: Tomotaka Fujita (Japan)	Vice-Chair: Azara Prempeh (Ghana)	First Vice-Chair: Andrew Angel (United Kingdom)
Second Vice-Chair: Samuel Roger Minkeng (Cameroon)	Frequency of meetings: Normally twice a year.	Second Vice-Chair: Emre Dinçer (Turkey)
Frequency of meetings: Normally twice a year. One regular session, every October/November. Additional extraordinary session in March/April.	Role: Subsidiary body, established by Assembly to take policy decisions on the admissibility of claims.	Frequency of meetings: Often twice a year. One regular session, every October /November. Additional extraordinary session in March/April, if required.
Role: Supreme organ of Fund, deciding on budget, contributions, appointment of Director, External Auditor, adoption of internal and financial regulations, policy, etc.	<i>No State may serve on the Executive Committee for more than two consecutive terms.</i>	Role: Supreme organ of Fund, deciding on budget, contributions, adoption of internal and financial regulations, policy, etc.

WORKING GROUPS

Working Groups are set up from time to time to consider specific areas of interest to the 1992 Fund. Details of the Working Groups established over the years and the issues they focused on are provided on the website.

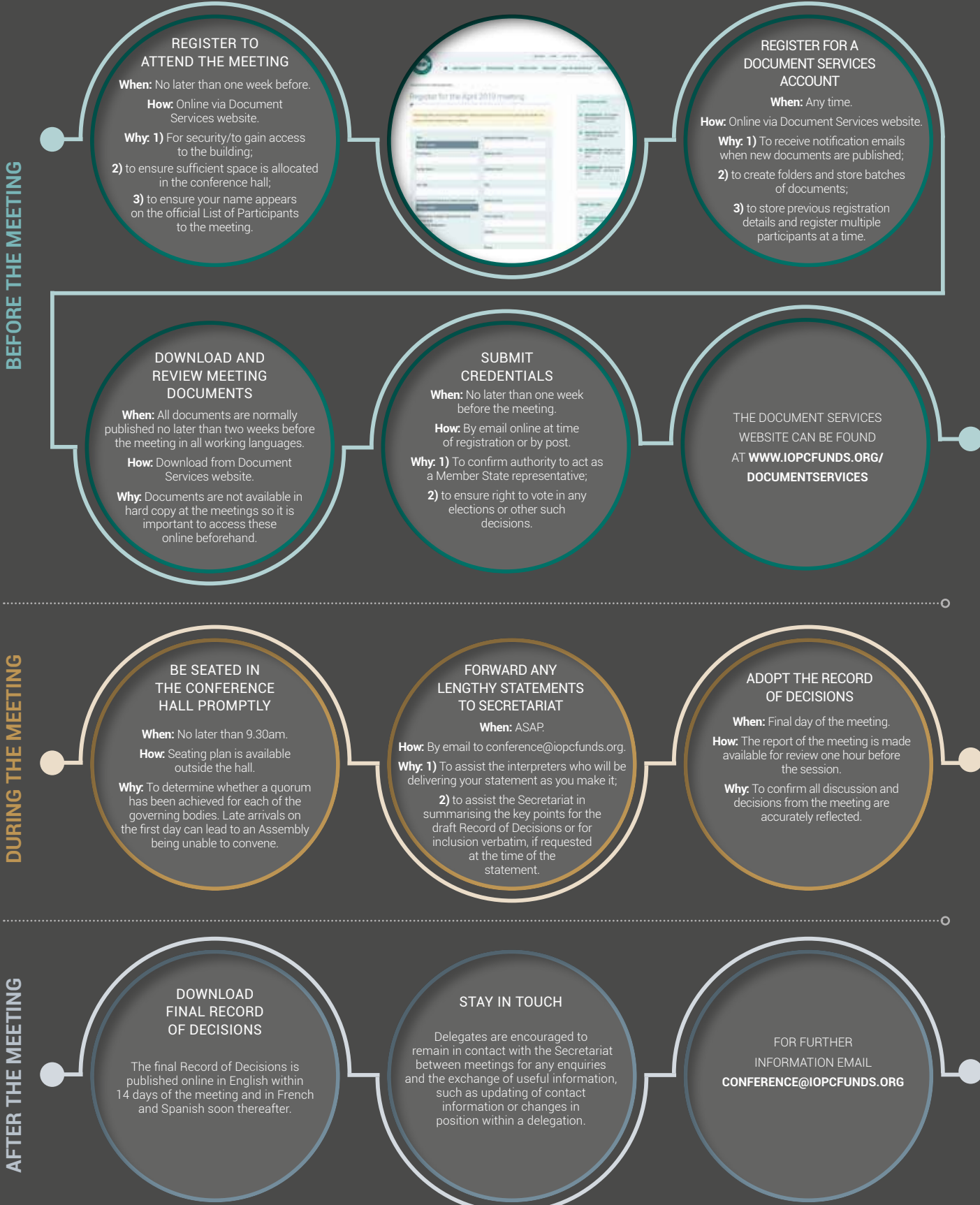
NEW DELEGATE OF THE IOPC FUNDS? HERE ARE SOME TOP TIPS:

WHAT WE DO IN BRIEF	THE IOPC FUNDS IN DEPTH	FIND OUT MORE	STAY INFORMED
 Brochure, Annual Report, explanatory note	 Text of Conventions, Guidelines for Member States	 Contact the Secretariat to arrange a meeting: externalrelations@iopcfunds.org	 Follow us on Twitter
 IOPC Funds' website	 Document Services website	 Sign up to the IOPC Funds Induction Course (more information on page 35)	 Follow us on LinkedIn
 Introductory video		 Sign up to news and notifications (more information on page 34)	

Information on the next meeting of the IOPC Funds' governing bodies can be found on the Governing Bodies page of the website. Updates about upcoming meetings are also posted on Twitter @IOPCFunds.

PARTICIPATION AT MEETINGS

WHAT TO EXPECT AS A DELEGATE



SESSIONS OF THE GOVERNING BODIES IN 2019

The IOPC Funds' governing bodies held sessions on 1 and 2 April 2019 and from 28 to 31 October 2019. Both meetings took place at the International Maritime Organization (IMO) headquarters in London and included the following sessions.

- 1992 FUND ADMINISTRATIVE COUNCIL (19TH SESSION) (ACTING ON BEHALF OF THE ASSEMBLY)
- 1992 FUND ASSEMBLY (24TH SESSION)
- SUPPLEMENTARY FUND ASSEMBLY (7TH EXTRAORDINARY SESSION AND 16TH SESSION)
- 1992 FUND EXECUTIVE COMMITTEE (72ND AND 73RD SESSIONS)

ALL DOCUMENTS INCLUDING THE FULL RECORDS OF DECISIONS FOR THE 2019 SESSIONS OF THE GOVERNING BODIES ARE AVAILABLE UNDER THE DOCUMENT SERVICES SECTION OF THE FUNDS' WEBSITE. A SUMMARY OF THE MAIN ISSUES DISCUSSED AND DECISIONS TAKEN IS SET OUT OPPOSITE.



GAUTE SIVERTSEN
(NORWAY)
CHAIR SINCE OCTOBER 2011

1992 FUND ADMINISTRATIVE COUNCIL AND 1992 FUND ASSEMBLY

At its April 2019 session, the 1992 Fund Administrative Council noted developments and took decisions in respect of a number of items. In particular, following the sad passing of the Chair of the Audit Body in January 2019, the Administrative Council was required to make a number of decisions regarding the composition of the Audit Body for the remainder of its three-year term. It decided to appoint Mr Makoto Harunari as Chair and created the post of Vice-Chair, appointing Mrs Birgit Sølling Olsen to that position. It also requested the Audit Body to conduct a formal review of the current External Auditor, including an assessment of their performance and their proposals for a further term. Following discussions at its October 2019 session, the 1992 Fund Assembly decided to re-appoint BDO International as the IOPC Funds' External Auditor for the financial years 2020–2023 inclusive and approved a new selection process for the External Auditor for the future.

Also at the April 2019 session, the Secretariat informed the Administrative Council that the Memorandum of Understanding relating to the agreement on rates for the use of the European Maritime Safety Agency's (EMSA) Pollution Response Assets had been signed and that the Secretariat had offered its services to Member States and other companies that may also wish to discuss similar possible agreements. In addition, following an exchange of correspondence with the European Commission on the application of the General Data Protection Regulations (GDPR) and Directive 2016/680 to the IOPC Funds, the Director informed the Administrative Council that its applicability would depend on the privileges and immunities applicable under the Headquarters Agreement, which the Director intended to discuss with the Government of the United Kingdom.

One of the key discussions at the 1992 Fund Assembly's October 2019 session was the update provided by the Audit Body on its ongoing review of the risks arising from incidents involving the IOPC Funds where the ships were insured by insurers that were not members of the International Group of P&I Associations. Details of potential measures to deal with the three key problem areas were considered. These included the development of a template or insurance card that could be used by non-IG insurers as evidence of insurance. A lengthy discussion took place regarding the measures proposed and the Audit Body confirmed that it would consider the points raised and provide a further report at a future session.

The Assembly also took a number of key decisions relating to the administration of the organisation, approving the Financial Statements for 2018 and adopting an administrative budget for the 1992 Fund of £4 875 731 for 2020. All decisions relating to the levying of contributions are set out on pages 28–30.

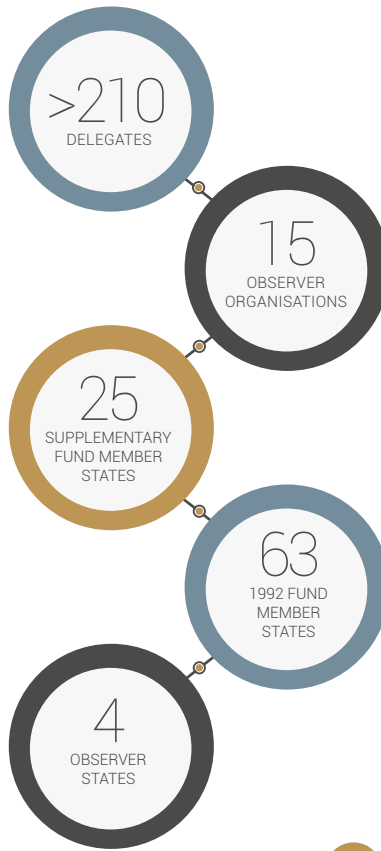
The Assembly was also informed of a number of activities and projects undertaken by the Secretariat and discussed various policy and treaty issues. In particular the Secretariat reported on the recent work undertaken to promote the benefits of the 2010 HNS Convention and confirmed that South Africa had joined Canada, Denmark, Norway and Turkey in becoming a Contracting State to the Convention. At the meeting, a number of States reported on the progress made by their State towards implementation and ratification. The Assembly was encouraged by the positive steps being taken and noted that the Convention could enter into force in the next three-four years.



TRIBUTES TO MR JERRY RYSANEK

At the opening of the April 2019 sessions, the governing bodies held a minute's silence in memory of Mr Jerry Rysanek, Chair of the Audit Body, former Chair of the 1992 Fund Assembly, of the 1992 Fund Executive Committee and Head of the Canadian delegation to the IOPC Funds for over 20 years, who had sadly passed away in January 2019. Time was set aside during the sessions for delegations to pay tribute to Mr Rysanek. The Director, Chairs of the governing bodies, members of the Audit Body and many delegations expressed their deepest condolences to Mr Rysanek's family and the Canadian delegation and shared fond memories of their interactions with him.

ATTENDANCE AT THE OCTOBER 2019 SESSIONS





ANTONIO BANDINI
(ITALY) CHAIR FROM OCTOBER 2017
TO OCTOBER 2019



GILLIAN GRANT
(CANADA) CHAIR SINCE
OCTOBER 2019

1992 FUND EXECUTIVE
COMMITTEE

The Executive Committee was informed of all key developments during the course of the year in respect of the 11 open incidents involving the 1992 Fund and was notified of one new incident (*Bow Jubail*, Netherlands, June 2018). Detailed presentations were given on a number of ongoing incidents and discussions took place on key points.

In particular, the Executive Committee took decisions relating to the *Prestige* incident, authorising the Director at its April 2019 session to pay to the Spanish Court EUR 28 million less EUR 800 000 which was to be kept available to pay any judgments by French courts and EUR 4 800 which was to be kept available to pay the Portuguese Government. In October, the Director confirmed that the payment had been made.

The Committee also took decisions relating to payments in respect of the *Hebei Spirit* incident, authorising the Director in April 2019 to make an additional balancing payment to the Skuld Club and instructing him to enter into a bilateral agreement with the Government of the Republic of Korea under which the 1992 Fund would pay KRW 27 486 198 196 to the Government. In October, the Director confirmed that those payments had also been made and that all claims for this incident had been finalised by either mediation or judgment, with a total of KRW 432.9 billion awarded.

With regard to the *Agia Zoni II* incident, it was reported in October that the 1992 Fund had received 373 claims and had already made payments of EUR 11.27 million. The Committee were informed that the 1992 Fund had been served with legal proceedings and were

updated on the results of two separate investigations into the cause of the incident.

In addition to the three incidents above, the Committee also took time during its sessions to consider the latest developments regarding the *Nesa R3* incident, which was nearing closure after all claims had been settled. It also noted the discussions taking place in relation to the *Nathan E. Stewart* incident and the uncertainty as to whether the Conventions would apply in that case.

1992 FUND EXECUTIVE COMMITTEE
MEMBERS (FROM OCTOBER 2018
UNTIL OCTOBER 2019)

CHINA	SINGAPORE
FRANCE	SOUTH AFRICA
GEORGIA	SPAIN
INDIA	SRI LANKA
ITALY	TURKEY
JAMAICA	UNITED ARAB EMIRATES
JAPAN	UNITED KINGDOM
MEXICO	

CURRENT 1992 FUND EXECUTIVE
COMMITTEE MEMBERS (FROM
OCTOBER 2019 UNTIL OCTOBER 2020)

CANADA	REPUBLIC OF KOREA
CHINA	SINGAPORE
FRANCE	SOUTH AFRICA
GEORGIA	THAILAND
GHANA	TURKEY
JAMAICA	UNITED ARAB EMIRATES
JAPAN	UNITED KINGDOM
MEXICO	



SUNGBUM KIM
(REPUBLIC OF KOREA)
CHAIR SINCE OCTOBER 2011

SUPPLEMENTARY
FUND ASSEMBLY

The Supplementary Fund Assembly participated in the debates and endorsed or took note of decisions taken by the 1992 Fund Administrative Council and 1992 Fund Assembly in respect of a number of items also relevant to the Supplementary Fund; in particular, with regard to the Audit Body's review of the risks arising from incidents involving the IOPC Funds where the ships were insured by insurers that were not members of the International Group of P&I Associations. It approved the financial statements of the Supplementary Fund for 2018 and adopted an administrative budget for 2020 of £52 400. A management fee of £38 000 payable to the 1992 Fund for the financial year 2020 was also agreed upon by the Assembly in October 2019.

VISIT FROM FORMER SECRETARY-GENERAL
OF THE UNITED NATIONS, MR BAN KI-MOON

During the first day of the October 2019 sessions, Mr Ban Ki-moon, former Secretary-General of the United Nations (UN), visited IMO. As part of his visit he took the opportunity to address the IOPC Funds' governing bodies, IMO Member States, affiliated organisations, IMO staff and the IOPC Funds' Secretariat. Mr Ban shared his experience as head of the UN and discussed key issues concerning climate change and sustainability. He spoke on these particular challenges that face the world and the vital role that governments have both locally and internationally, in order to find global solutions to protect the environment for present and future generations. He acknowledged that the shipping industry also had an important responsibility in tackling climate change and for protecting the marine environment and referred to UN Sustainable Development Goal 14, which advocates the conservation and sustainable use of the oceans, seas and marine resources.



50	Financial Administration
51	Financial Highlights for 2019
53	Summary of Major Claims Funds

FINANCIAL ADMINISTRATION

The 1992 Fund and the Supplementary Fund each have General Funds which cover administrative expenses, including the costs of running the joint Secretariat and, in respect of the 1992 Fund, for compensation payments and claims-related expenditure up to a maximum amount of SDR 4 million (approximately £4.3 million) per incident. Separate Major Claims Funds are established for incidents for which the total amounts payable exceed those amounts. A Claims Fund is established for any incident for which the Supplementary Fund has to pay compensation. Since there have been no incidents involving the Supplementary Fund, no Claims Funds have been established.

Financial Statements prepared under the International Public Sector Accounting Standards (IPSAS) provide a comprehensive view of the financial position and the financial performance of the organisation at the entity level. The Funds' activities have been classified into segments on the basis of the General Funds and Major Claims Funds and disclosure about each stream of activity is provided in the notes to the Financial Statements.

The financial year runs from January to December, with income and expenditure information for 2019 published in this annual report. The annual accounts are subject to external audit, are reviewed by the Audit Body and presented to the governing bodies for approval at their October/November sessions. Once approved, they are reproduced in the form of an online publication entitled 'Financial Review' and published on the Funds' website at www.iopcfunds.org under the Publications page.



FINANCIAL HIGHLIGHTS FOR 2019 - 1992 FUND

Revenue and expenditure figures rounded and subject to audit by the External Auditor (prepared under IPSAS – accrual based accounting)

REVENUE	
CONTRIBUTIONS DUE IN 2019:	£
GENERAL FUND	5 900 000
VOLGONEFT 139 MAJOR CLAIMS FUND	(3 675 000)
AGIA ZONI II MAJOR CLAIMS FUND	10 000 000
OTHER REVENUE:	£
INTEREST ON INVESTMENTs	580 000
MANAGEMENT FEE PAYABLE BY SUPPLEMENTARY FUND	34 000
TOTAL REVENUE	12 839 000

EXPENDITURE	
ADMINISTRATIVE COSTS	
JOINT SECRETARIAT:	£
BUDGET (EXCLUDING EXTERNAL AUDIT FEES FOR RESPECTIVE IOPC FUNDS)	4 649 377
EXPENDITURE (EXCLUDING EXTERNAL AUDIT FEES FOR RESPECTIVE IOPC FUNDS)	4 219 471
EXTERNAL AUDIT FEES IN RESPECT OF 1992 FUND (FOR 2017 AND 2018)	43 200






CLAIMS EXPENDITURE 2019			
INCIDENT	COMPENSATION	CLAIMS-RELATED EXPENDITURE	TOTAL
	£	£	£
PRESTIGE *	23 502 518	403 010	23 905 528
VOLGONEFT 139	-	15	15
HEBEI SPIRIT *	33 188 143	553 096	33 741 239
NESA R3	21 654	78 390	100 044
ALFA I	-	20 837	20 837
AGIA ZONI II	959 049	916 618	1 875 667
OTHER INCIDENTS	-	80 704	80 704
TOTAL CLAIMS EXPENDITURE	57 671 364	2 052 671	59 724 035

* including interim reimbursements from the P&I Club for joint costs of £20 027 for Prestige MCF and £3 667 for Hebei Spirit MCF

REVENUE	£
CONTRIBUTIONS DUE IN 2019:	0
OTHER REVENUE:	
INTEREST ON INVESTMENTS	13 800
TOTAL REVENUE	13 800
EXPENDITURE	
ADMINISTRATIVE COSTS:	£
MANAGEMENT FEE PAYABLE TO 1992 FUND	34 000
EXTERNAL AUDIT FEES	3 200



The first SDR 4 million (£4.3 million) for all incidents is paid from the General Fund and covers compensation and claims-related expenditure. Separate Major Claims Funds are established for incidents for which the total amounts payable exceed these amounts. These cumulative incident costs include both General Fund and Major Claims Fund expenditure. All compensation is paid in the currency of the incident - see pages 18-23 for more details of each incident.

						
CUMULATIVE INCIDENT EXPENDITURE TO 31/12/2018 (UNAUDITED)	<i>Prestige</i>	<i>Hebei Spirit</i>	<i>Volgoneft 139</i>	<i>Alfa I</i>	<i>Agia Zoni II</i>	<i>Nesa R3</i>
	£	£	£	£	£	£
Compensation paid to 31/12/2018	83 119 382	84 113 523	4 978 755	10 856 126	9 150 131	6 682 147
Compensation paid 2019	23 502 518	33 188 143	-	-	959 049	21 654
Total compensation	106 621 900	117 301 666	4 978 755	10 856 126	10 109 180	6 703 801
Claims-related expenditure paid to 31/12/2018	24 096 265	36 648 694	1 241 450	558 743	2 038 826	306 961
Claims-related expenditure paid 2019	403 010	553 096	15	20 837	916 618	78 390
Total Claims-related expenditure paid	24 499 275	37 201 790	1 241 465	579 580	2 955 444	385 351
Total expenditure (cash basis, including SDR 4 million paid for each incident from General Fund)	131 121 175	154 503 456	6 220 220	11 435 706	13 064 624	7 089 152

MAJOR CLAIMS FUND BALANCES	<i>Prestige</i>	<i>Hebei Spirit</i>	<i>Volgoneft 139</i>	<i>Alfa I</i>	<i>Agia Zoni II</i>	<i>Nesa R3</i>
	£	£	£	£	£	£
Fund balance 31/12/2018 (accrual basis - see Financial Statements for more details)	995 274	5 327 564	3 716 864	(1 313 257)	18 211 370	(3 105 154)
Provision for compensation at 31/12/2018, added back	25 136 647	37 254 022	-	88 762	857 455	22 219
Fund balance 31/12/2018 (adjusted cash basis)	26 131 921	42 581 586	3 716 864	(1 313 257)	19 068 825	(3 082 935)

Major Claims Funds are accounted for on an accruals basis and as such they recognise interest earned on investments, provision for compensation, exchange gains and losses, and other assets and liabilities. Full balance sheets for each Major Claims Fund are published in the Financial Statements.

CONTRIBUTIONS LEVIED TO MAJOR CLAIMS FUNDS	<i>Prestige</i>	<i>Hebei Spirit</i>	<i>Volgoneft 139</i>	<i>Alfa I</i>	<i>Agia Zoni II</i>	<i>Nesa R3</i>
	£	£	£	£	£	£
Contributions levied, due by March 2019 or before	119 000 000	131 500 000	3 825 000	8 075 000	36 000 000	-
2019 levy, due 1 March 2020					5 000 000	3 600 000
Total contributions levied or approved	119 000 000	131 500 000	3 825 000	8 075 000	41 000 000	3 600 000

Upon the establishment of a Major Claims Fund, the governing bodies can decide to levy contributions (see page 26 for more information on contributions). Levies are usually approved at the October/November meetings, invoices are issued to contributors in November and payment of contributions is due the following March, except in the case of deferred levies.

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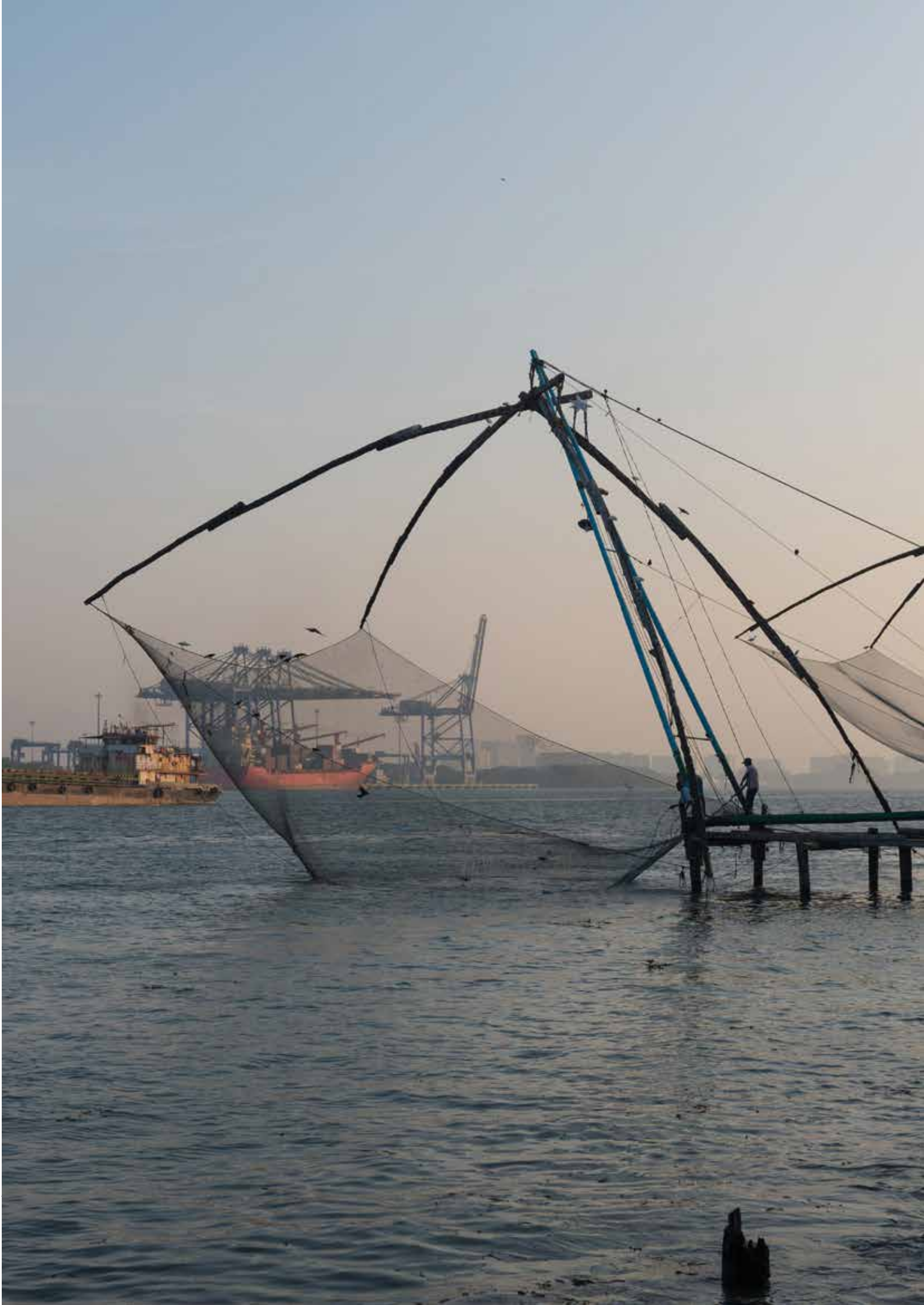
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