

HIGHLIGHTS:

- Net Zero And Marine Insurance
 - IMO GHG Strategy
 - Poseidon Principles For Financial Institutions
 - Poseidon Principles For Marine Insurance

- In A Nutshell
 - Relying on Force Majeure Clause in the Face of Sanctions
 - Look Out For Fuel Leaks In Engine Room
 - ZOUZOU Case Briefing

- Market Snapshot
 - Russia-Ukraine War
 - Shipping Markets
 - Ports and Terminals
 - IMO Regulatory Change for Biofuels



CMH SPOTLIGHT

August 2022

Publication by CM Houlder Insurance Brokers Limited,
a China Merchants Group subsidiary.

An aerial photograph of several large, white icebergs floating in a dark blue ocean. The icebergs are of various shapes and sizes, with some showing signs of melting and smaller ice chunks nearby. The water is a deep, dark blue, contrasting sharply with the white ice.

Net Zero And Marine Insurance Paris Agreement, IMO GHG Strategy, PPMI

“Net zero” has become a buzzword on lips of government leaders and people with environmental awareness, especially since the United Nations’ climate conference in Glasgow (COP26) in November 2021. Several global insurance companies have also committed to net zero strategy, as a significant part of insurers’ business is to cover damages resulting from natural disasters which undoubtedly are becoming more severe and frequent due to global warming.

This article will give a briefing on the net zero and its impact on shipping industry, shipping finance and marine insurance.

Net Zero And Shipping Industry – Defining Net Zero And IMO GHG Strategy

Defining Net Zero

Net zero, or climate neutral, is a technical term based on the climate agreement reached at COP21 in Paris (‘Paris Agreement’) which entered into force in November 2016 as a legally binding international treaty. The Paris Agreement calls for all global greenhouse gas (‘GHG’) emission to be reduced to net zero by 2050 across all sectors of economic activities and life, so to achieve the long-term goal of limiting global warming up to preferably 1.5 degrees Celsius compared to the pre-industrial levels.

Carbon dioxide is currently the most significant GHG.

Net zero does not mean a company no longer emits any GHG, as the calculation considers an offset by removal of emitted GHG from the atmosphere via so-called carbon capture, utilization and storage processes.

Net Zero And Shipping Industry – IMO GHG Strategy

The Paris Agreement does not include international shipping, but IMO, as the regulatory body for the industry, is committed to reducing greenhouse gas emissions from international shipping. IMO’s Initial GHG Strategy, with explicit reference to Paris Agreement, was introduced in April 2018 and sets out two targets:-

- IMO Intensity Target: to reduce CO₂ emission per transport work across international shipping industry by at least 40% by 2030, pursuing efforts towards 70% by 2050, as compared to 2008.
- IMO Absolute Target: to peak GHG emission from international shipping soon as possible and to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008, whilst pursuing efforts towards phasing them out.



Net Zero and Shipping Finance – Poseidon Principles for Financial Institutions

The Poseidon Principles is an agreement launched in June 2019 between the finance sector and the shipping industry to integrate the IMO's policies on climate change into ship finance decision-making process.

Insofar, the total number of signatories amounts to 28 including leading banks such as BNP Paribas, Citi, Credit Agricole, Credit Suisse, Bpifinance. These 28 banks jointly represent approximately USD185 billion in shipping finance, covering more than 50% of the global ship finance portfolio.

The signatories to the Poseidon Principles have to ensure that their ship finance portfolio is aligned with the targets set out in the IMO's Initial GHG Strategy.

The Poseidon Principles comprises of 4 individual principles:

Principle 1: Assessment Of Climate Alignment

- Signatories' commitment to assessment of climate alignment on annual basis.
- The climate alignment of each ship within respective ship finance portfolio is to be calculated using the Average Efficiency Ratio ('AER') metric. AER, as derived from IMO Global Data Collection System ('IMO DCS'), is the calculation of reported unit grams of CO₂ per tonne-mile for all voyages performed by the ship over a calendar year.
- Standard decarbonization directions are produced for each ship type and size class in a format that allows for simple weighting aggregation.



Principle 2: Accountability

In their calculation of the ships' AER, the signatories commit to rely on the independently verified and certified data in Carbon Intensity and Climate Alignment calculations and the Statement of Compliance issued under IMO DCS.

Principle 3: Enforcement

Shipowners are not obliged to disclose their IMO DCS data to any third party including their financiers. The signatories are therefore required to make efforts to include in each new finance agreement a standard loan wording which requests shipowners to provide specific data to their financiers.

Principle 4: Transparency

- By 30 November of each calendar year, signatories are required to report the overall climate alignment of their shipping portfolio and supporting information.
- The climate alignment score information will be shared among the signatories by 31 December each year, but the same will not be made publicly available.

Net Zero and Marine Insurance – Poseidon Principles For Marine Insurance ('PPMI')

As officially launched in December 2021 and effective from May 2022, PPMI adopted the same methodology of Poseidon Principles for Financial Institutions.

Currently there are 9 marine insurers who have signed up to the PPMI, i.e. Swiss Re, Gard, Hellenic Hull Management, SCOR, Victor International, Norwegian Hull Club, Fidelis, Navium and AXA XL.

As a trio of initiatives, Poseidon Principles for financial institutions, the sea cargo charter and the PPMI complement one another to establish a common global framework for aligning the marine industry with the targets as set out in IMO's GHG Strategy.

Scope Of PPMI

Coming after marine cargo insurance, H&M insurance represents the second largest part of marine insurance coverage. In consideration of the greatest coverage and potential for impact across marine insurance, H&M offers a comparable starting point to the PPMI signatories to assess and disclose the climate alignment portfolio.

Whilst the framework is currently limited to H&M insurers, it is expected to expand to other covers in future.

Three Key Points Of PPMI

- Measure and report emission data of their H&M portfolio against ESG (environmental, social and governance) area of concern. By providing insurers with a common tool to monitor progress towards net-zero insurance, the framework enables insurers to credibly report their alignment with ESG concern with real data.
- Publicly report their climate alignment score. Signatories commit to annual declarations of the climate alignment of their H&M portfolios, thus promoting accountability and transparency on carbon emissions in the maritime industry and encouraging the industry's transition to a more sustainable future.
- Benchmark the score against two trajectories: one linked to a 50% reduction in annual CO₂ emissions by 2050 (compared to 2008) which is in line with IMO's Initial GHG Strategy; and one to a 100% reduction of annual CO₂ emissions by 2050 as in line with Paris Agreement.

Net Zero and Marine Insurance – Poseidon Principles For Marine Insurance ('PPMI') (Cont'd)

What Do PPMI Mean For Shipowning Assureds

- PPMI will apply to vessels that fall under the purview of IMO DCS where the H&M claims leader is a signatory to the PPMI.
- Vessels insured by the signatory insurer in other insurance products (such as P&I, Loss of Hire, Increased Value) are not affected by PPMI.
- Some signatories will seek to include a standard clause into all H&M policies where they are claims leaders, to enable the signatory to approach its clients for their IMO DCS submission.
- The CO₂ emission data will be assessed and disclosed annually on an aggregate level to reflect the overall H&M portfolio, without disclosure or focus on individual client or specific fleets.
- Although at the moment there are merely 9 signatories, PPMI is in its beginning stages and market expected more insurers would follow. Reference is made to Poseidon Principles for financial institutions – it was launched with only 6 members but has grown to 28 signatories since then.





Guidelines

In A Nutshell

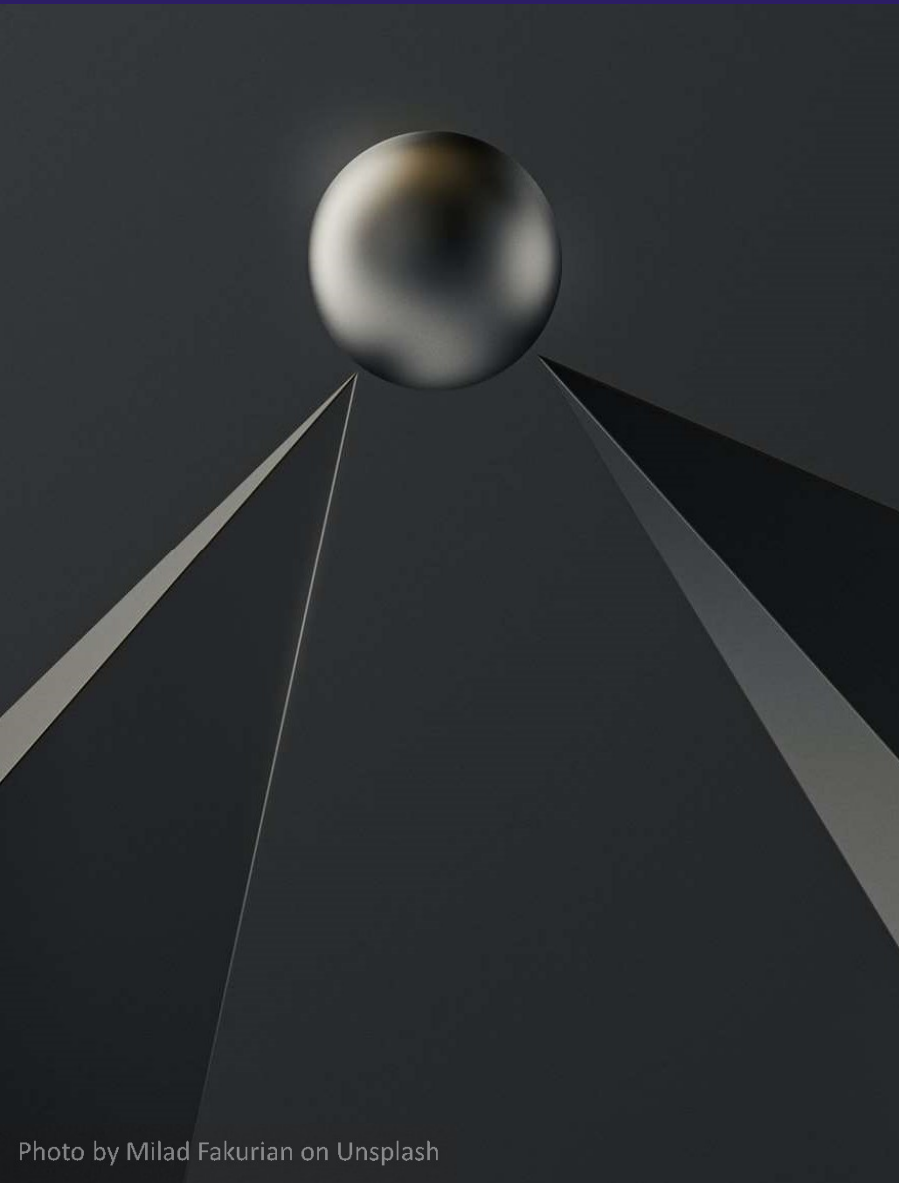


Case Reading of MUR Shipping BV v RTI Ltd [2022] EWHC 467 (Comm).

Background And Main Disputing Issue

- The Shipowners and Charterer concluded a Contract of Affreightment (COA) in 2016, under which the payment of freight due shall be made by Charterers in US Dollar.
- Due to US OFAC sanctions imposed on the Charterers' parent company in 2018, Shipowners invoked the Force Majeure Clause which provides that a Force Majeure event shall meet all following criteria:-
 - “..... a) It is outside the immediate control of the Party giving the Force Majeure Notice;
 - b) It prevents or delays the loading of the cargo ... and/or the discharge of the cargo ...;
 - c) It is caused by one or more of ... any rules or regulations of governments or any interference or acts or directions of governments... restrictions on monetary transfers and exchanges;
 - d) It cannot be overcome by reasonable endeavours from the Party affected.”

Charterers disagreed and commenced arbitration.



In A Nutshell – Relying on Force Majeure Clause in the Face of International Sanctions (Con't)

Arbitration

● Owners' argument

As a result of the sanctions imposed, US Dollar freight payments as an express term of the COA would be delayed or prevented. Therefore this constitutes a Force Majeure event.

● Charterers' argument

In offering Shipowners the option to receive payment in EUR, the Force Majeure event could be overcome; therefore Owners failed to exercise all reasonable endeavours to overcome or mitigate the Force Majeure situation.

● Tribunal award

Shipowners had not used reasonable endeavours to overcome the effects of US sanction. Acceptance of Charterers' offer to receive payment in an alternative currency, though non-contractual, would have constituted reasonable endeavours and avoided the alleged Force Majeure event.

● Shipowners appealed the award to Commercial Court on the basis that only US Dollar is the contractually agreed currency of payment, and their reasonable endeavours to avoid a Force Majeure event should not be beyond the boundary set by contract.

Commercial Court Decision

The Commercial Court overturned the award and supported Owners:-

- The concept of reasonable endeavours has to be looked at within the confines of what the parties had contractually agreed, and contractual obligations are paramount in determining the question of reasonableness.
- Parties affected by a Force Majeure event are not expected to accept non-contractual performance, even when declining this precludes the continuation of the contract.
- In this case, the obligation to pay in US Dollar was a key aspect of the contract; even considering “reasonable endeavours” requirement, shipowners were not obliged to agree a variation in this aspect, nor accept charterers' non-contractual performance to pay in EUR.



In A Nutshell – Look Out For Fuel Leaks And Unshielded Hot Spots In Engine Rooms

It was observed that more than half of the fire accidents originated from the engine room, specifically on the main and auxiliary engines or their associated components such as turbochargers. The majority of these incidents were caused by a failure in a flammable oil system, most often in the low-pressure fuel oil piping, allowing spray of oil onto an unprotected hot surface.

Fuel Leakage / Spray And Its Cause

- Piping and other associated components are not original parts or of a type recommended by the manufacturer.
- Piping connection had not been tightened to the required torque and with time it becomes loosened.
- Incorrect assembly after maintenance.
- Bolts for flanges or filters breaking due to fatigue caused by overtightening over a long time.
- Fatigue fracture of pipes.
- Fuel oil filter covers coming loose and displacement of the spindle from the top cover.
- Rupture of rubberized hoses due to degradation caused by the heat generated from nearby machinery.

Oil Coming In Contact With Hot Surfaces

There is shielding in way of either insulating hot spots with thermal insulation, or anti-splashing tapes, and/or by using physical barriers such as spray shields. However,

- the quality may differ from yard to yard;

- deteriorate with age;
- may not have been fixed back properly after maintenance;
- become soaked with oil over a period of time due to minor leakages;
- physical barriers may not be part of the original design hence not fitted, or they are not installed back in place after maintenance.

Typical Hotspots In The Engine Room

The temperature of below areas can easily exceed 500 °C which may be well above the oil's auto ignition temperature:

- Exhaust manifold, pipes and associated flanges
- Exposed areas of boilers
- Turbochargers
- Indicator valves on cylinders
- Heater for purifier units
- Electrical wires/components and switchboards. Melting or smoldering of cables can also contribute to the transmission of heat.

Older Vessels Need More Attention

Older vessels are more prone to fires originating in engine room and frequency peaks for vessels between 25 – 30 years age. Except for quality deterioration of the insulation, there can be other reasons such as tighter maintenance and safety budget, and varied constancy of maintenance.



Recommendations

Failure in an oil system followed by deposit of oil onto a high temperature surface is the leading cause of engine room fires.

- Identifying sources of leakages
 - Regularly checking fuel and lube oil pipes for loose fittings, missing bolts on flanges, non-metallic hoses in areas where the temperatures can exceed the oil's ignition point etc., as part of the vessel's planned maintenance system.
 - Look out for whether the components of the oil piping system are original and meet the manufacturer's specifications. This is vital when taking over a secondhand ship.
- Mapping hot surfaces using thermography
 - Suggest using thermography onboard for detection of hot surfaces, such as engine room and the vessel's electrical installation, and for checking insulation periodically with engines and electrical equipment running.
 - Incorporate thermographic examinations in newbuilding specifications and have such tests carried out during sea trials.
- Shielding hotspots
 - Insulation: Regular inspections should be carried out since materials used to insulate high-temperature surfaces are susceptible to deteriorate or become oil-soaked over time.
 - Spray shields: Position and condition of spray shields for both high and low pressure flammable oil lines as well as the drainage arrangement for jacketed fuel oil pipes should be checked regularly. Where spray shield is not included in the original design, installation of such should be taken into consideration when the location has been recognized as a potential "source of oil leakage". Immediately after maintenance is finished, spray shields and insulation materials should be properly reinstalled.

In A Nutshell – Scope Of Indemnity Under MII Insurance (“ZOUZOU” Case Briefing)

Factual Background

- Following an allegation that the crew attempted to smuggle diesel oil, the vessel “ZOUZOU” was detained in Venezuela for about 14 months. Four crewmembers were tried and acquitted.
- Owners’ war risks cover provided that if the vessel was detained for more than 12 months, the Owners would be deemed to be deprived of possession without any likelihood of recovery.
- Owners claimed a constructive total loss (CTL) under their war risks cover, but war risks insurer avoided the policy on the ground of material non-disclosure by Owners, which is unrelated to the detention.
- The claimant, Piraeus Bank A.E. (‘the Bank’) sought to recover from its mortgagee’s interest insurance (or ‘MII’) underwriters.
- Disputing issues were 1) whether the “ZOUZOU” CTL claim can be covered by Owners’ war risks policy, and 2) if not, whether the Bank could recover from MII underwriters as assignees and loss payees under Owners’ war risks policy.

MII Underwriter’s Defence

- Irrespective of the avoidance due to Owners’ material non-disclosure, the loss would not have been covered by the war risks policy as it contained an exclusion for any loss “arising out of action taken by any state or public or local authority ...under the criminal law of any state ... or on the grounds of any alleged contravention of the laws of any state”.

The Bank’s Argument

- These exclusions in war policy did not apply because the detention had been unlawful under Venezuelan law.
- As a fallback argument, the exclusions in the war risks policy only applied where the Owners of the vessel were themselves accused of an offence.
- Even if the loss would have been excluded from the war risks policy, it was nevertheless entitled to recover in full for a CTL under the MII policy, as the MII policy provided cover for loss “which occurs by virtue of any alleged deliberate, negligent or accidental act or omission or any knowledge or privity of any of the [the owners or their servants or agents]...”, where no subsequent payment from Owners’ insurers.

In A Nutshell – Scope Of Indemnity Under MII Insurance (“ZOUZOU” Case Briefing) (Cont’d)

Court findings

- According to case law, a bona fide error of Venezuelan law on the part of the public prosecutor would not take the detention outside the scope of the exclusions.
- As a matter of Venezuelan law, the detention had not been unlawful.
- Rejecting the Bank’s fallback argument that exclusions in the war risks policy only applied where owners were themselves accused of an offence.
- Rejecting the Bank’s argument about construing the MII wordings, finding that such clause required an “alleged” act or omission, which must refer to an allegation brought by Owners’ insurers, as the purpose of such clause was to indemnify the Bank when Owners’ insurers decline cover based on allegation that the loss or damage to the vessel was caused by owners or their servants or agents.
- The MII policy was not intended to cover losses that would not have been covered by the Owners’ policies. The Bank’s claim was dismissed.

Other Court Findings

- The interest insured by the MII policy is the Bank’s interest in the Owners’ policies as assignee and loss payee, but not as mortgagee of the vessel. Therefore, it was unnecessary for the Bank to tender their own notice of abandonment (NOA) under the MII policy, as separately from the NOA tendered by Owners under the war risks policy.

The Court of Appeal rejected the Bank’s application to appeal.

Comments

- MII does provide secondary insurance to banks but cannot be a “catch all” or “umbrella” cover for every type of claim or loss.
- The terms of the primary insurance regarding loss of, or damage to the subject matter insured, shall be considered carefully in light of MII cover.



Market Snapshot

Market Snapshot: Russia And Ukraine Crisis - Will Safe Corridors Be Enough?

- Russia and Ukraine had signed an agreement on reopening Ukrainian ports and establishing a safe corridor for shipment of grains on 22nd July, 2022.
- On 1st August, the ship “Razoni”, located with 26,000 tons of corn, was the first ship sailing out of Port Odesa since the breakout of Russia-Ukraine conflicts. After “Razoni”, it was reported that there were another 16 vessels ready to leave the port in August.
- Around 25 million tonnes of grain are waiting to be exported via the ‘safe corridor’ swiftly as possible, in consideration of likely deterioration of the agricultural products and freeing up storage spaces before the next harvest yield.
- However, there are a few practical difficulties / challenges posed to the grain shipments:-
 - The first two weeks are a pilot regime, meaning no more than five vessels are likely to leave from Odesa.
 - Availability of crew, pilots and tugs.

- Concern on safety, as it is yet clear whether the tide will shift the locations of mines laid by both Russia and Ukraine.
- It also waits to be seen if there is a limit to the number or type of vessels which Russia will permit to leave as part of the agreed initiative.
- Whether the railways and roads can safely transport the grains from interior of the country to ports and terminals.
- The increasing cost for railway and truck transportation, trans-loading and warehousing.
- Both railway and trucking transportation face the problem of congestion while waiting at the border / customs for completion of export paperwork, as the system of Ukraine and EU are not compatible.
- The test shipments of grain will undoubtedly provide a litmus test to the feasibility of mass-shipments and the potential insurers’ underwriting appetite in cargo and war products.
- Apart from the grains, other commodities are still being blocked. Market is in the hope that the successful voyages for grain can pave the way for other commodities to start safe transit in the region.



Market Snapshot: Singapore And Rotterdam To Establish 'World's Longest' Green Shipping Corridor

- The port authorities at the ports of Singapore and Rotterdam have partnered up to launch what they claim will be the world's longest green corridor for shipping by 2027.
- Under an MoU, the two ports will bring together a broad coalition of shippers, fuel suppliers and other companies to transit to low and zero carbon alternative fuels, including synthetic methane, hydrogen, and hydrogen-based fuels including ammonia and methanol.
- The MoU will also create a digital trade lane for data sharing, in order to optimize maritime efficiency, safety, and the transparent flow of goods.
- During the UN's COP26 climate summit in Glasgow in 2021, a coalition of countries launched the Clydebank Declaration, agreeing to establish at least six green corridors by 2025 and more by 2030.
- Earlier this year, the ports of Los Angeles and Shanghai announced the Green Shipping Corridor partnership, setting goals that include items like phasing in of low, ultra-low, and zero carbon fueled ships through the 2020s and planning the world's first zero carbon trans-Pacific containerships to be introduced by 2030.

Market Snapshot: Ships Bypass Fujairah For Cheap Iraq Bunker Fuel

- A fifth of the world's crude oil passes through Strait of Hormuz. Port Fujairah, as strategically located at the strait and capable to accommodate the largest tankers and bulkers, is the major bunkering hub for ships in Persian Gulf.
- However, the popularity comes with increasing congestion. Waiting time for bunkering in Fujairah can be as long as 6-7 days.
- There is a trend that ships go to Iraq for bunkering, in consideration of shorter lead times and competitive pricing.

Market Snapshot: Details Of EU Ban On Russian Coal And Fertilizers Jolts Ship Insurers

- An EU ban came into effect on imports of Russian coal and other goods on 10th Aug 2022. The sanctions prohibit EU operators from providing services - including purchasing, transferring, financing and insurance - to all shipments of product originating from Russia.
- This coal ban was approved by EU in April 2022 as part of the fifth package of sanctions, with a wind-down period of 4 months.
- The IG P&I Clubs which domicile within EU territory are subject to EU jurisdiction and hence undoubtedly affected; other IG P&I Clubs cannot be immune either, as all IG Clubs rely on a reinsurance program that heavily depends on EU-domiciled reinsurers' participation.
- Some exemptions are allowed based on humanitarian grounds. In July 2022, the EU corrected several earlier restrictions to allow transactions with sanctioned entities when such are essential to the shipment of food, agricultural goods and oil to 3rd countries outside EU.

Market Snapshot: German Coal Importers Expect Flurry Of Shipments From September

- Germany's hard coal importers expect more shipments from Sept 2022, when generators will seek to switch to more coal burning instead of Russian gas.
- As per the German coal importers' group, September could bring a 50% rise over May (2.35 million tonnes), as last winter's monthly coal receipts ran at 3.5-4 million tonnes.
- Australia, South Africa, Indonesia and Colombia were all cited as potential coal suppliers earlier this year, and meanwhile, the need for fossil fuels depended on weather patterns and their impact on electricity output from wind turbines.
- However, there are concerns with issues with logistics, including tighter availability of rail freight space, the lack of handling capacity at sea ports and on board inland river barges, as well as reduced loads due to river levels cut by hot and dry weather.

Market Snapshot: Chinese Shipyards' Current Status And Future Expectation

- As per the Ministry of Industry and Information Technology (MIIT), China's shipbuilding industry completed 18.5 million DWT worth of orders, gaining 45.2% of the global market and maintaining an over-all lead.
- Pursuant to MIIT, China ranked first in new orders, sharing 50.8%, despite new orders went down 41.3% year-on-year to 22.45 million DWT.
- According to the figure from Dalian Shipbuilding Industry Co (DSIC), notwithstanding COVID-19 and supply chain impacts in the first half of 2022, more than 10 new merchant ships were delivered as planned, which is a year-on-year increase of 67%.
- It was predicted that the current boom will last to the end of 2022, or even first quarter of 2023.
- China's domestic industry players are now seeking a further leap to top spot of the whole industrial chain with "three transformations" on the agenda — high value-added transformation, digital transformation and "green" transformation.

Market Snapshot: Iron Ore Dips On Persistent China Demand Worries

- Dalian and Singapore iron ore futures fell on 12th August, reversing gains in the previous session, as traders weighed demand prospects in China that has been plagued by the real estate slowdown.
- Real estate sector is said to account for about 40% of domestic steel demand. Chinese property developers are facing the challenges of financial contraction and COVID-19 measures; such clouded the outlook for demand of both steel products and inputs.
- Additionally, Chinese steel industry executives and authorities have been committed to reducing yearly output since 2021, in accordance with the nation's decarbonization objectives and a sector-wide consolidation plan to eliminate overcapacity.
- Nevertheless, hopes of sustained government support for the property industry and signs that steel demand is stabilising may still support steel futures.

Market Snapshot: Demurrage And Detention Charges Up Double Digit

- Surplus containers were stored at warehouses as demand declined from the surge during late 2020 and through 2021. This has resulted in rising demurrage and detention (D&D) charges, contributing substantially to the operational costs for shippers.
- Other reasons for increasing D&D charges include supply chain disruption (e.g. shortage of divers, workers and vehicles) and carriers' applying strict free time parameters.
- Insights from the annual Demurrage and Detention benchmark report showed that there was a major spike in D&D charges in 2021, the global average increase was 39% for standard containers whereas the charges for 20 distribution centres doubled in 2021.
- For some outlier ports like Long Beach, Los Angeles and Shanghai, the charges increased significantly that they ended up with the value in 2022 still being higher than pre-pandemic value by 12%.

Market Snapshot: IMO Regulatory Update - A Boost for Biofuels

- A new “Unified Interpretation (UI)” on the application of Regulation 18.3 MARPOL Annex VI in relation to biofuels was approved by the IMO’s MEPC in June 2022, where MARPOL Annex VI’s rules on bunker emissions apply also to biofuels and biofuel blends.
- Whilst it is not a challenge for biofuels to meet applicable sulphur limits, Regulation 18.3.2.2 requires that biofuels shall not “... cause an engine to exceed the applicable NOx emission limit...”.
- According to the International Bunker Industry Association (IBIA), the UI means that biofuel blends up to 30% (B30) will be regarded in the same way as regular oil-based fuels.
- The UI allows the use of B30 to B100 biofuels for “engines certified in accordance with regulation 13 of MARPOL Annex VI which can operate on a biofuel or a biofuel blend without changes to its NOx critical components or settings/operating values outside those as given by that engine’s approved Technical File”.

Market Snapshot: Glencore Singapore Bunkering Licence Suspended Over Contaminated Fuel

- The Maritime and Port Authority of Singapore (MPA) suspended Glencore Singapore's bunkering licence for two months effective from 18th August after the company was found to have supplied contaminated fuel to ships.
- The fuel oil testing laboratory engaged by Glencore had reported results showing that samples taken from the fuel oil parcels that Glencore purchased contained concentrations of chlorinated organic compounds (COCs) in March.
- This COCs caused engine problems for around 80 ships which received the bunker in Singapore in end of February and March.
- Despite this, Glencore continued to supply bunkers blended with the contaminated fuel to 24 vessels in Singapore port from 22nd March to 1st April. At least 3 vessels have reported issues with their fuel pumps and engines.
- By doing so, Glencore contravened the terms and conditions of its bunkering licence in failing to ensure that no bunkers supplied by it were contaminated.
- MPA has included COC for testing under both the Bunker Quality Inspection System (BQIS) and the Intensified Bunker Quality Checks (IBQC) after the accident.

Happy reading, take care and see you in September!

Editor: Summer Hao
summerhao@cmholder.com

Disclaimer:

The information contained in this CMH Spotlight is for general information purposes only. It does not constitute any legal, technical and/or commercial advice and should not be relied upon as such. Professional advice for legal or other aspects should always be sought separately.

Despite our best efforts, the information provided in this website may not be accurate, up to date or applicable to the circumstances of any particular case.

External links to other sites are being provided as a convenience and for informational purposes, they do not constitute an endorsement or an approval by the CM Houlder Insurance Brokers Ltd. of any of the products, services or opinions of the corporation or organization or individual. CM Houlder Insurance Brokers Ltd. bears no responsibility for the content of the external sites or for that of subsequent links.

CM Houlder Insurance Brokers Ltd. makes no representations or warranties of any kind, express or implied, regarding the completeness, accuracy, adequacy, validity, reliability, legality, availability of the information contained herein and accepts no liability for any loss or damage whatsoever and howsoever arising directly or indirectly from reliance on it.

Please do not circulate this report to third party entity without written approval from CM Houlder Insurance Brokers Ltd.

Acknowledgment

<https://www.porttechnology.org/news/first-grain-ship-leaves-ukraine-after-months-long-blockade/>

<https://gcaptain.com/singapore-and-rotterdam-to-establish-worlds-longest-green-shipping-corridor/>

<https://gcaptain.com/ships-bypass-fujairah-for-cheap-iraqi-bunkers/>

<https://insurancemarineneeds.com/insurance-marine-news/demurrage-and-detention-charges-up-double-digits/>

<https://www.ukpandi.com/news-and-resources/articles/2022/imo-regulatory-change-a-boost-for-biofuels/>

<https://www.reuters.com/business/energy/singapores-mpa-suspends-glencores-bunkering-licence-over-fuel-contamination-2022-08-03/>

<https://www.gard.no/web/updates/content/33724878/look-out-for-fuel-leaks-and-unshielded-hot-spots-in-engine-rooms>

<https://www.shipownersclub.com/paul-smit-relying-on-force-majeure-clause-in-the-face-of-international-sanctions/#msdyntrid=0j8eZJ1WXb-utaoQsIIOnH4tQFNE5i8ccCO8jW5z-vQ>

https://www.gard.no/web/news/article?p_document_id=32809152

<https://www.wfw.com/articles/poseidon-principles-for-marine-insurance/>

<https://www.ukpandi.com/news-and-resources/legal-content/legal-articles/the-poseidon-principles/>

https://www.poseidonprinciples.org/finance/wp-content/uploads/2019/11/Marine-Money_A-quick-guide-to-the-Poseidon-Principles.pdf

<https://www.imo.org/en/MediaCentre/HotTopics/Pages/Reducing-greenhouse-gas-emissions-from-ships.aspx>

<https://www.poseidonprinciples.org/finance/signatories/>

<https://www.poseidonprinciples.org/insurance/faqs/>

<https://kennedyslaw.com/thought-leadership/article/russia-ukraine-crisis-will-safe-corridors-be-enough/>

<https://kennedyslaw.com/thought-leadership/case-review/mt-zouzou-detention-constructive-total-loss-and-mortgagee-s-interest-insurance-commercial-court-clarifies-scope-of-indemnity/>

<https://www.quadrantchambers.com/news/zouzou-no-insurance-cover-ship-detained-under-venezuelan-anti-smuggling-laws-guy-blackwood-qc>

https://kennedyslaw.com/thought-leadership/case-review/mt-zouzou-court-of-appeal-declines-to-hear-mortgagee-bank-s-appeal-of-commercial-court-decision-clarifying-the-scope-of-mii-policy-cover-in-mii-underwriters-favour/?utm_source=vuture&utm_medium=email&utm_campaign=zouzou-alert-aug-2022

<https://www.hellenicshippingnews.com/iron-ore-dips-on-persistent-china-demand-worries/>

https://gcaptain.com/details-of-eu-ban-on-russian-coal-and-fertilizers-jolts-ship-insurers/?subscriber=true&goal=0_f50174ef03-25434ed78c-170463743&mc_cid=25434ed78c&mc_eid=974e2b2d5c

<https://www.hellenicshippingnews.com/german-coal-importers-expect-flurry-of-shipments-from-september/>

<https://www.hellenicshippingnews.com/chinese-shipyards-withstand-severe-challenges-in-h1-nations-demand-for-commodities-to-support-industry-over-next-half-top-shipbuilder/>