

# The international liability & compensation regime



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International Oil Pollution Compensation Funds

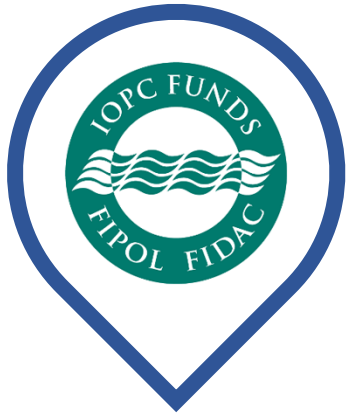
18 February 2025

An aerial photograph of a busy port area, likely a large harbor or bay, filled with numerous oil tankers. The ships are scattered across the water, some docked at piers and others at sea. The sky is overcast with dark, heavy clouds, and the overall color palette is dominated by deep blues and greys, creating a somber and industrial atmosphere. The text is overlaid on the upper half of the image in a clean, white, sans-serif font.

Providing compensation for oil pollution damage resulting  
from spills of persistent oil from tankers

A form of “insurance company” for States,  
managed by States

# The IOPC Funds – Who we are



International  
intergovernmental  
organisation



Based in London,  
at the IMO

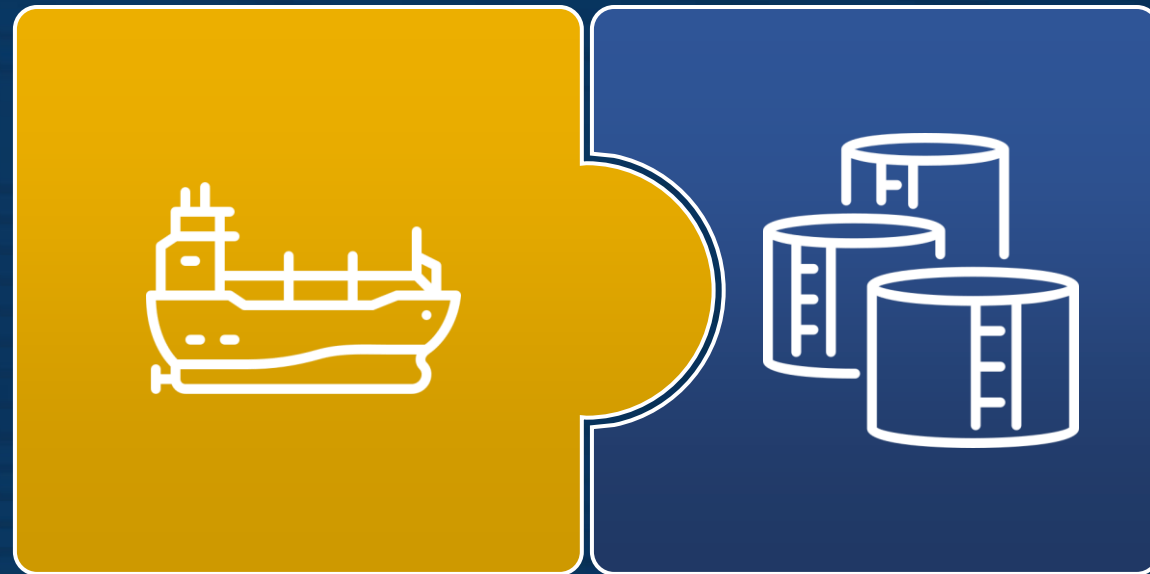


Small Secretariat  
26 staff members  
13 nationalities



# ┌ The IOPC Funds - Who we are

The cost of oil spills is shared between the **shipowner** and the **oil industry**



# The international regime

## Basic principles



Compensate victims of pollution damage



Sharing of cost of compensation between shipowner/insurer and oil receiver



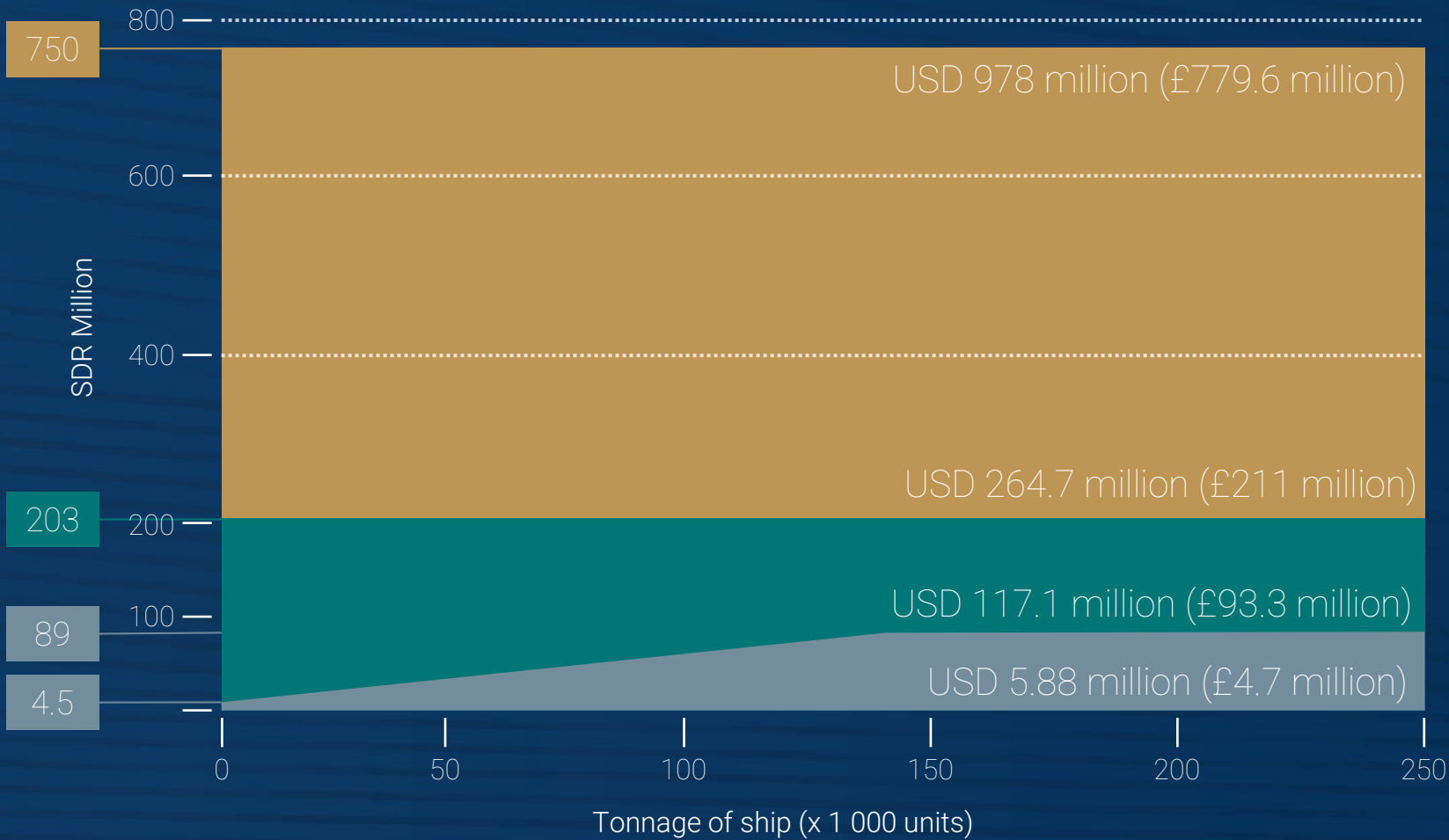
Uniform consistent application of compensation regime



Equal treatment of all claimants



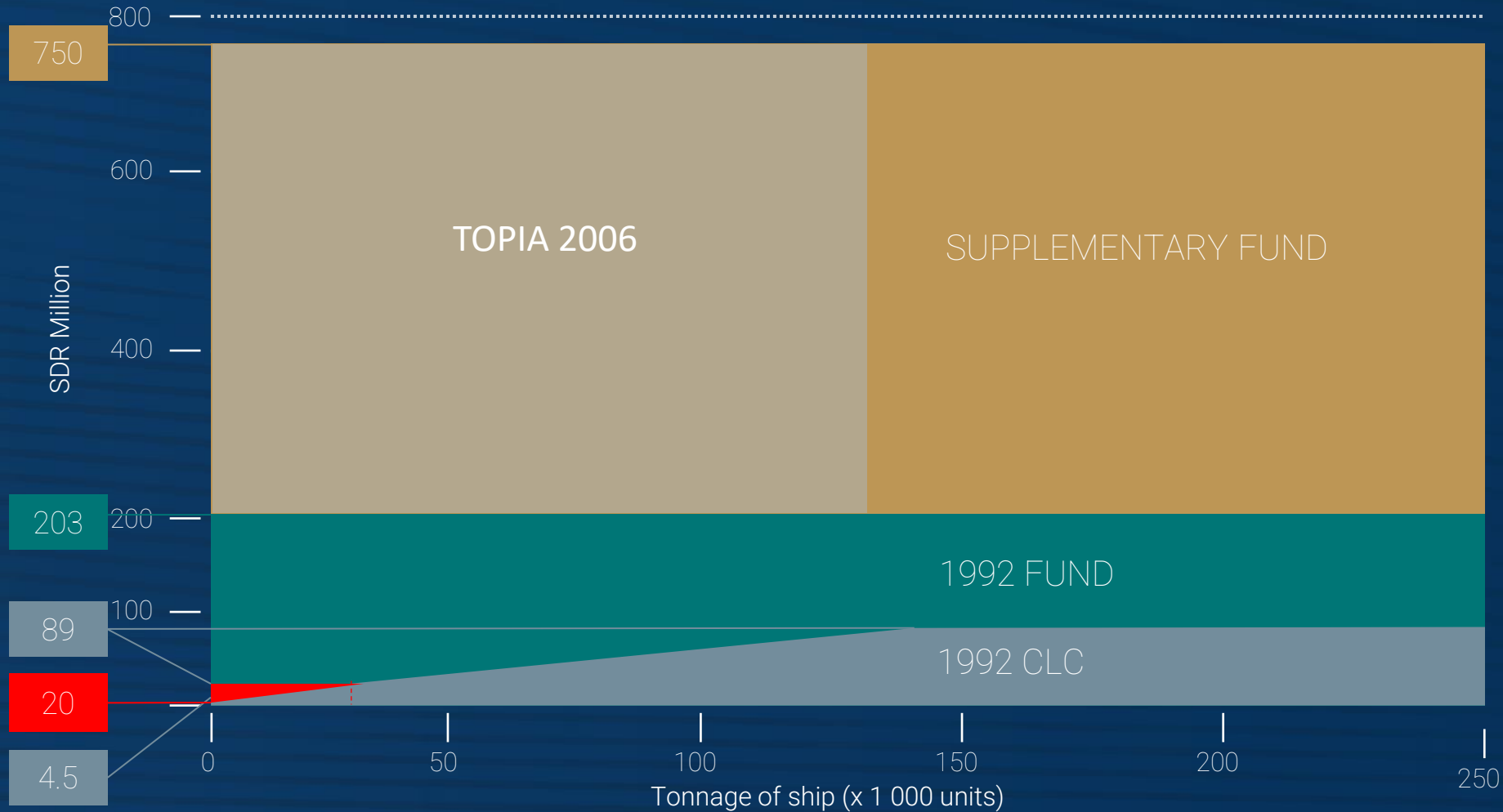
# Limits of liability



How much can be paid in compensation?

# STOPIA and TOPIA

## Shipowners' voluntary indemnification agreements



**STOPIA**  
Ships up to  
29 548 GT

**TOPIA**  
50% of claims  
covered by the  
Supplementary  
Fund

# States Party to the Conventions



**Supp. Fund**  
---  
33 Member States  
---  
SDR 750m

**1992 Fund**  
---  
122 Member States  
---  
SDR 203m

**1992 CLC**  
---  
146 Member States  
---  
SDR 89m

**1969 CLC**  
---  
32 Member States  
---  
SDR 14m



# Levying contributions

How do we calculate contributions?

Total levy amount  
(£)



Total contributing oil  
received in all Member  
States (Metric Tonnes)



Amount per  
tonne of oil  
received  
(£ per T)

Quantity of oil received  
by each contributor  
(Metric Tonnes)



Amount per tonne  
(£ per T)



Amount to be  
paid by that  
contributor in  
GBP (£)

# Total Oil (1992 Fund)

Contributing Oil Received in 2023

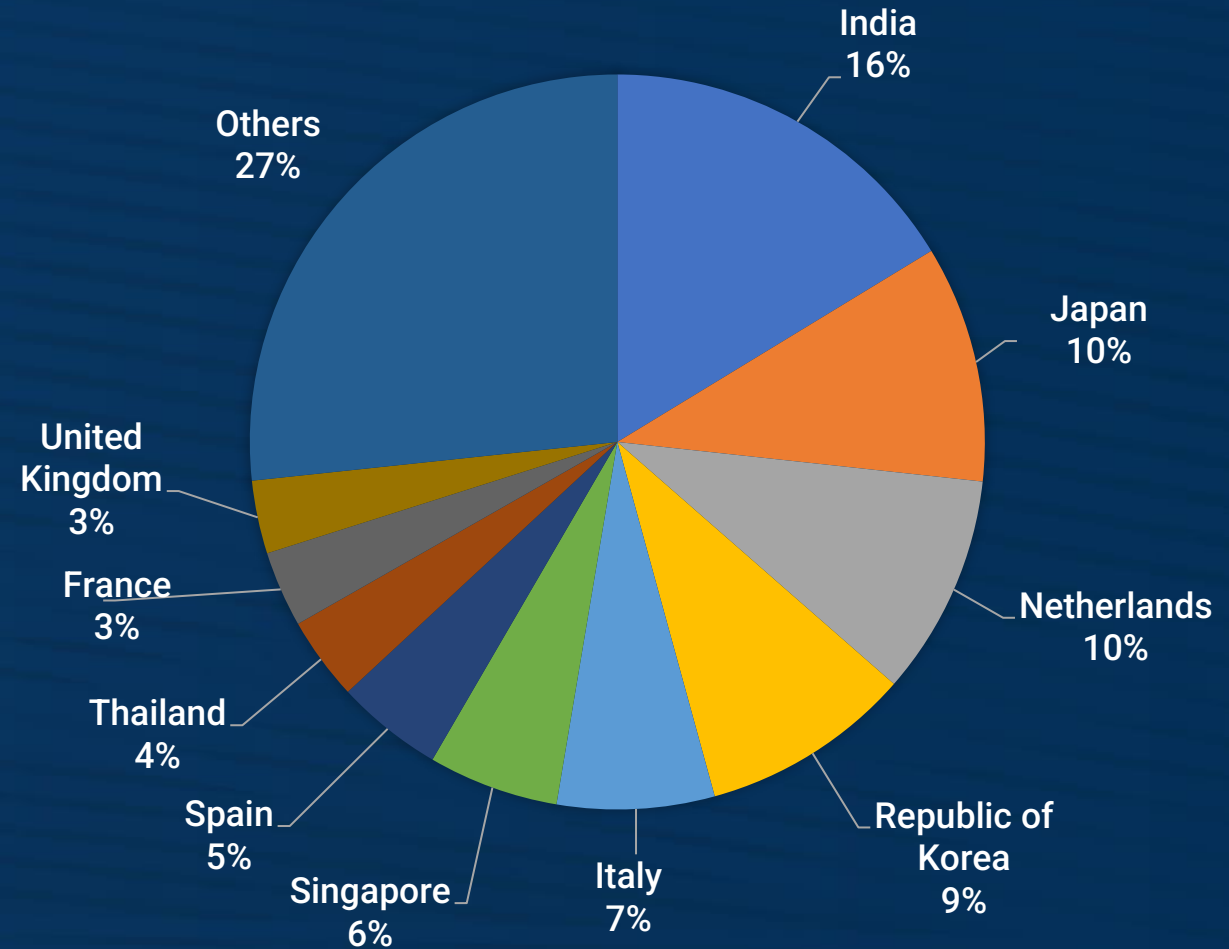
## Total reported:

1 477 890 040 tonnes

10 States represent 73% of contributions

42 States reported nil tonnages

21 States yet to complete reporting



Based on tonnages reported by 31 December 2024, subject to change as additional oil reports received

# Total Oil (Supplementary Fund)

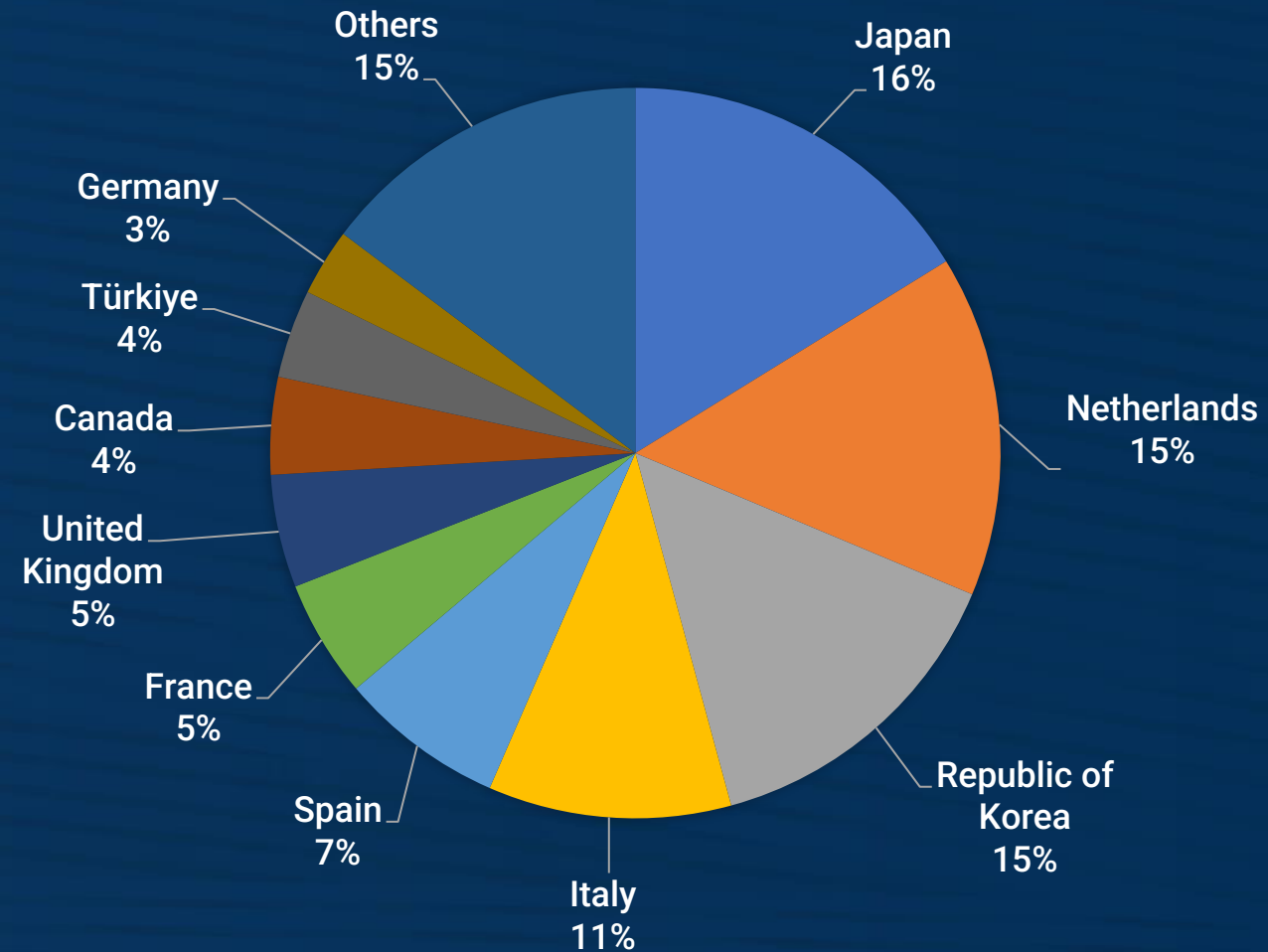
Contributing Oil Received in 2023

**Total reported:**

**950 180 342 tonnes**

**10** States represent **85%** of contributions

**10** States reported less than 1 million tonnes



Based on tonnages reported by 31 December 2024, subject to change as additional oil reports received

# Types of claims



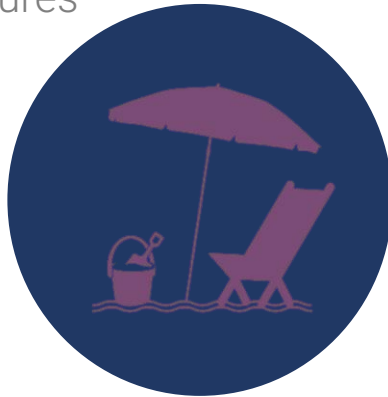
Clean-up activities & preventive measures



Property damage



Environmental damages & post spill studies



Tourism sector



Fisheries and mariculture sector

Any damage directly linked to a spill could receive compensation

# In which cases do we pay?

Key factors



Incident impacts  
Member State



Cargo is  
persistent oil

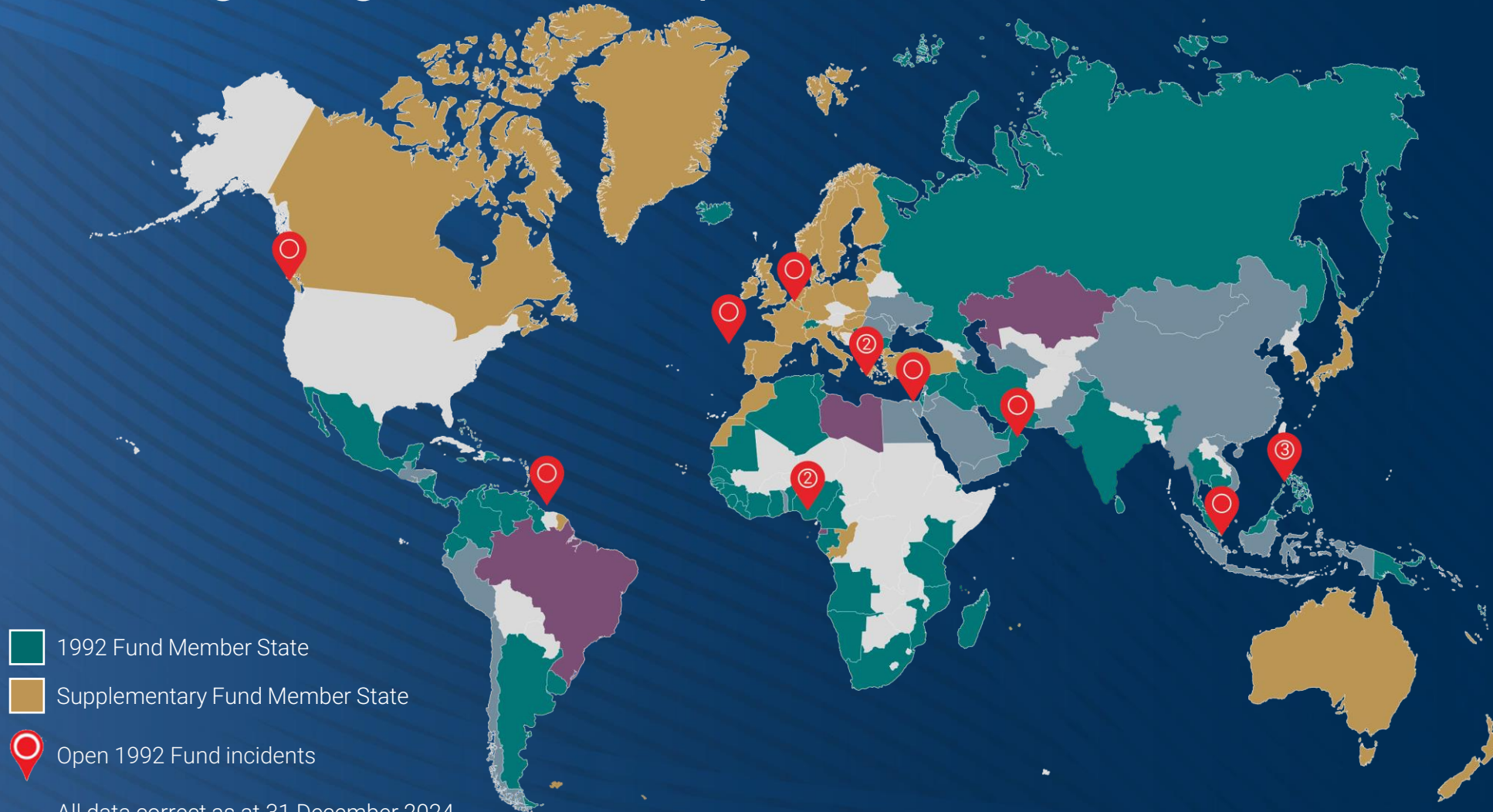


Vessel is a ship  
as defined in  
1992 CLC



1992 Conventions  
likely to apply

# Ongoing risks of spills



**14**

Open incidents involving the 1992 Fund

**159**

Incidents involving the IOPC Funds since 1978

**Latest incident:**

*Terranova, The Philippines, 2024*

# International sanctions on movement of oil

In response to the Russian/Ukrainian conflict in 2022, many governments and international organisations, led by the United States and European Union, imposed sanctions

In many States companies can only provide transport and other services to Russian-based crude if the oil is traded below the specified limit.



# In which cases do we pay?

Key factors



Incident impacts  
Member State



Cargo is  
persistent oil



Vessel is a ship  
as defined in  
1992 CLC



1992 Conventions  
likely to apply

Conventions have **no suspension clause** for sanctioned ships or oil.

IOPC Funds **still pay compensation**



# The impact of sanctions on shipping practices

> **10%** Tankers trying to circumvent or in violation of sanctions

*often*

- ✓ old
- ✓ substandard maintenance
- ✓ no inspection
- ✓ unclear ownership
- ✓ no insurance



Growth of dark/shadow fleet  
**600 - 1100 vessels** engaging in such operations



Switch off AIS transponders so as to disappear from coverage



Conduct illegal STS oil transfer operations, often in dangerous waters

# The impact of sanctions on shipping practices

These ships avoid flag State oversight and port State enforcement:

Fraudulently registered or registered in flag States which don't require inspections

Intentionally avoid any port where they are likely to be inspected

Anchor outside jurisdiction of coastal States and engage in STS operations



# Obligations on States to support safe shipping



Under the 1992 CLC there are **fundamental obligations** for a State Party to ensure that a ship trading under its flag or entering or leaving a port in its territory has the required insurance or other financial security.

# ┌ The impact of sanctions on shipping practices

Ships which are in breach of international standards but transporting oil

Results in non-conformity with IMO  
tanker safety standards



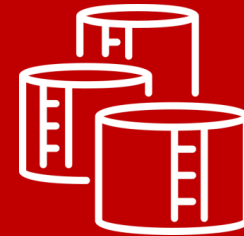
Undermines the international liability  
and compensation regime based on  
the 1992 Conventions and the  
Supplementary Fund Protocol



# Impact on the IOPC Funds



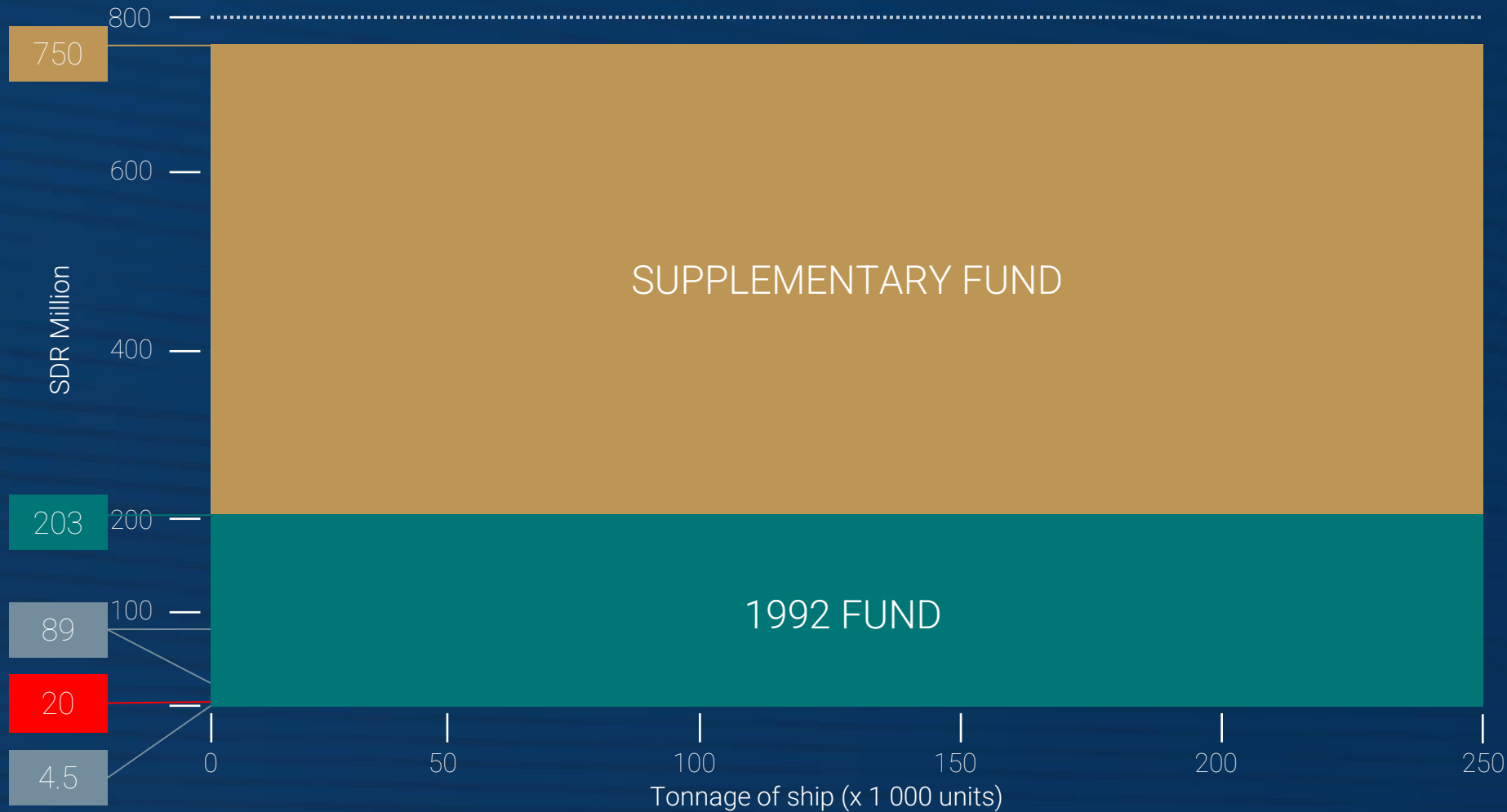
Results in increased risk of incidents impacting Member States



Results in potential financial impact on contributors to IOPC Funds



# Potential impact on the liability & compensation regime



Risk of IOPC Funds having to pay all compensation **without any contribution from the shipowner or its insurer**

If insured, unlikely to be with IG P&I Club, so **also lose STOPIA/TOPIA**

Risk of **insufficient compensation** for States and victims

# ┌ Near miss incidents

## May 2023 – Malaysia

*Pablo*, aging vessel, suspected of transporting sanctioned oil, exploded at sea, resulting in loss of life

## March 2024 – Denmark

*Andromeda Star*, 15-year old vessel with unclear insurance, involved in a collision on route to load oil at a Russian port

## July 2024 - Malaysia

*Ceres I*, an aging very-large crude carrier suspected of transporting sanctioned oil, collided with the *Hafnia Nile*



# Gulfstream incident



## Date

February 2024

## Place

Tobago,  
Trinidad & Tobago

## Cause

Capsizing and  
sinking

## Quantity of oil spilled

Approx. 4 652  
tonnes



# Gulfstream summary

Barge suspected to be poorly maintained & leaking oil prior to arriving in Tobago

Shipowner and insurer unidentified

Ongoing investigations into the incident

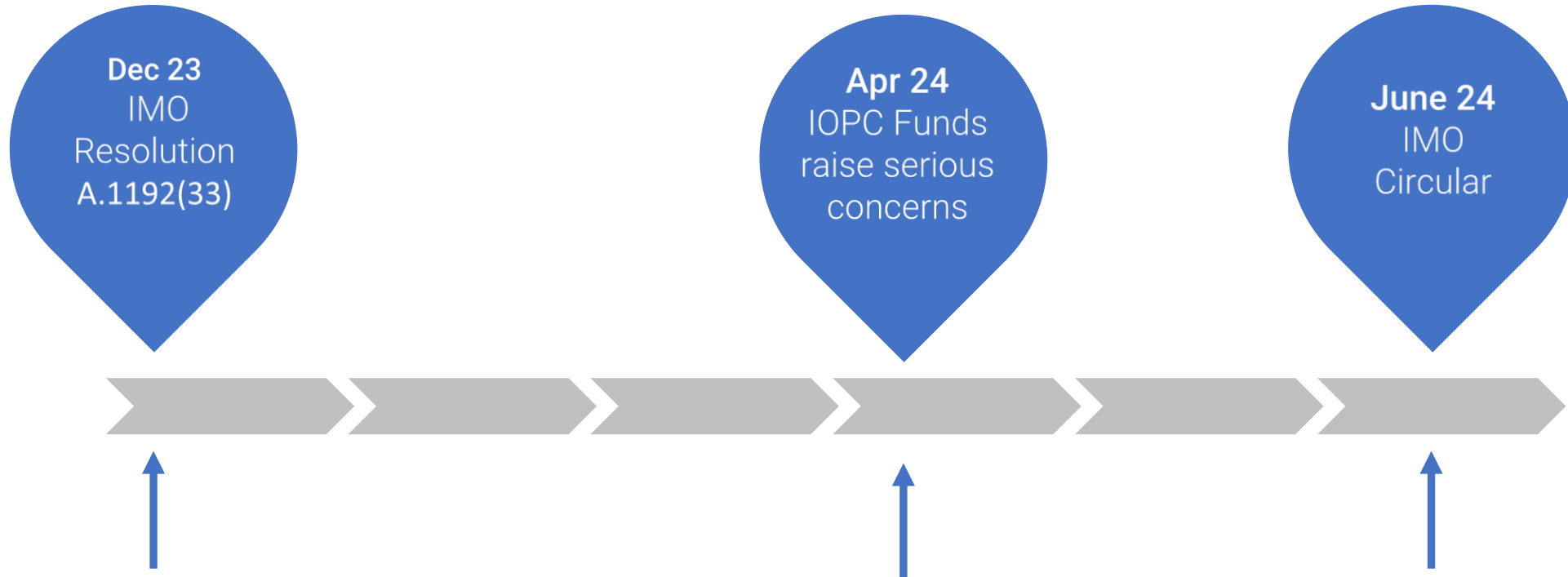
Claims primarily expected for clean-up operations, tourism and property damage

1992 Fund Executive Committee confirmed 1992 Conventions apply and authorised Director to pay admissible claims

Catalyst for discussions on Resolutions in April 2024



# Recent developments – International response



IMO Assembly urges Member States and all relevant stakeholders to promote actions to prevent illegal operations in the maritime sector by the 'dark fleet' or 'shadow fleet'

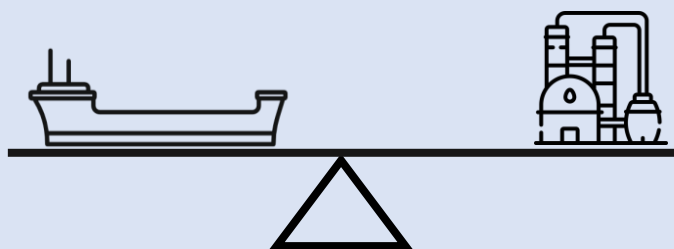
Following *Gulfstream* incident, Member States hold wider discussion of substandard transportation of oil and consider Resolutions

IMO updates guidelines for accepting insurance certificates and insurance companies, financial security providers and P&I Clubs

# IOPC Funds response



Director has duty to protect interests of contributors, Member States and international regime



Reinstating the sharing of burden between shipowners and oil industry is vital

ACTION  
TAKEN



BY  
IOPC FUNDS

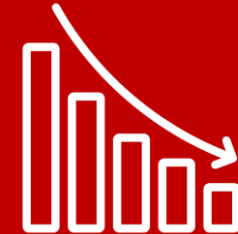
**Resolutions adopted**  
November 2024

**Guidance for Member States adopted**  
November 2024

# ┌ Is this a long-term problem?



**Serious concern that a market for substandard oil transportation has been created and that this may continue**



# Incidents in Russian Federation

	Date:	15 December 2024
	Place:	Kerch Strait
	Cause:	Volgoneft 212 broke & sank, Volgoneft 239 ran aground
	Quantity of oil spilled:	Approximately 4 200 tonnes



# Russian incidents summary

Both aging vessels

Transporting oil in storm condition

Insured but fall within low limit of SDR 4.5 million

Significant impact:  
300 km of coastline contaminated

1992 Conventions may apply



# Conclusion

Ongoing discussions within IMO

Tighter enforcement of rules on STS transfers in EEZ and other areas

Means to ensure insurance and other IMO rules strictly followed



**Action must be taken**  
to ensure situation does not continue  
in the future



@IOPCFunds



## International Oil Pollution Compensation Funds

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[www.iopcfunds.org](http://www.iopcfunds.org)

