Foreword

It is with great pleasure that I introduce the Annual Report on the work of the IOPC Funds in 2016. I had the honour of being re-elected as Chairman of the 1992 Fund Assembly and, having held that position now since 2011, I once again had the responsibility of not only overseeing the discussions of the IOPC Funds’ governing bodies during the year, but also participating in and/or closely following many of the activities of the organisations which are detailed in this report.

The management of oil reports has improved considerably since the introduction in 2010 of the Online Reporting System (ORS) and it is pleasing to note that 89% of tonnage received was submitted via the ORS in 2016. The Secretariat continues to work with Member States to increase further still the number of States opting to use the online system.

2016 was in fact a year of change for the organisation in many ways. Its relocation to the IMO building in 2016 provided new offices for the Secretariat and also created an opportunity to refresh not only the Funds’ logo but also its website. The governing bodies also trialled a reduction of meeting days in October 2016, successfully completing discussions and adopting their Record of Decisions (ROC) in four days.

The Hebei Spirit represents our largest ever case in terms of number of claims received and as such, I am particularly pleased to report that, having been authorised to increase the level of payments to 60% in April 2016, by the end of the year the 1992 Fund had paid some KRW 9 billion (£42 million) in compensation on top of the KRW 187 billion (£133 million) paid by the Skuld P&I Club. Payments continue to be made and as the 10-year anniversary of the incident approaches in 2017, the Fund will continue to work with the Korean Government and the P&I Club to ensure that the case is soon settled.

Other achievements in terms of compensation matters in 2016 were the settlement agreement and payment of the main case in respect of the Atlantis incident and the closure of the case regarding the 2007 incident in Argentina.

One new incident, the Trident Star, which may involve the 1992 Fund, took place off Malaysia in August 2016. Engagement with the authorities and the insurers since the early stages of the incident has been very good and will facilitate the claims handling process should claims exceed the shipowner’s limit of liability. The procedure for the handling of future incidents which require interim payments was clarified in 2016 following an agreement reached between the International Group of P&I Associations and the IOPC Funds. After a number of meetings over the past two years, an agreement was developed together with a template of standard terms and conditions which could apply on a case-by-case basis.

I am delighted to be able to reflect on another productive and positive year for the IOPC Funds. On a personal note, I was honoured to be reappointed as Director of the organisations for a further five-year term. I consider the decision to reappoint me as a sign of Member States’ continued confidence in both myself and the Secretariat as a whole and this renewed support is very much 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.

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.

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.

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.

Following the dissolution of the original Fund, the 1971 Fund, in December 2014, the IOPC Funds now comprise two organisations, the 1992 Fund and Supplementary Fund. It has a Secretariat based in London, United Kingdom.

Since their establishment, the 1992 Fund and the preceding 1971 Fund have been involved in 150 incidents of varying sizes all over the world and have paid some £600 million in compensation. No incidents have occurred so far which have involved or are likely to involve the Supplementary Fund.

This report focuses on the work of the IOPC Funds during 2016. For further general information about the organisations and their history, please visit www.iopcfunds.org.

114 Member States of the 1992 Fund
(31 States which are also Members of the Supplementary Fund are marked in bold)
Legal Framework

The international liability and compensation regime is currently based on:

- the International Convention on Civil Liability for Oil Pollution Damage, 1992 (1992 CLC or 1992 CLC);
- the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992 (1992 Fund Convention); and

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 full texts of the 1992 Conventions and the Supplementary Fund Protocol may be obtained from the Publications section of the Funds’ website: www.iopcfunds.org.

The 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 any pollution damage caused by the oil, i.e. the owner is liable even if there was no fault on the part of the ship or its crew. However, the shipowner can normally limit 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. Any claims for pollution damage under the 1992 CLC can be made only against the registered owner of the ship concerned.

There are some exceptions under the 1992 CLC, for example the shipowner is exempt from liability if they prove that the damage resulted from an act of war or a natural phenomenon, that it was caused as a result of a third party acting with intent to cause damage or through the failure of navigational aids due to negligence of any responsible government/authority.

The 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 their obligations under the 1992 CLC.

Contributions are levied on any person who has received after sea transport in one calendar year more than 150,000 tonnes of crude oil and/or heavy fuel oil (excluding oil in a Member State of the 1992 Fund).

The maximum compensation payable by the 1992 Fund is 230 million SDR, irrespective of the size of the ship. This maximum amount includes the sums actually paid by the shipowner under the 1992 CLC.

The Supplementary Fund Protocol

The International Oil Pollution Compensation Supplementary Fund, 2003 (Supplementary Fund) was established through the entry into force of the Supplementary Fund Protocol in 2005. The Supplementary Fund provides additional compensation beyond the amount available under the 1992 Fund Convention in States which are also Parties to the Protocol.

The total amount available for compensation for each incident is 750 million SDR, including the amounts payable under the 1992 Conventions.

Annual contributions to the Supplementary Fund are made on the same principle as contributions to the 1992 Fund. However, the Supplementary Fund differs from the 1992 Fund in that, for the purpose of paying contributions, at least 1 million tonnes of contributing oil are deemed to have been received each year in each Member State.

Stakeholders

The ships’ insurers (usually P&I Clubs) provide the first tier of compensation to the victims under the 1992 CLC.

Annual report

The International Oil Pollution Compensation Fund, 1992 (1992 Fund) and the 1992 Fund Convention cease to be in force in 2014, and denounce the 1969 CLC as soon as possible.

As of December 2016 the 1992 Fund had 114 Member States, many of which participate actively in sessions of the governing bodies.
In this section, the organisational structure of the IOPC Funds is explained and the operations and activities of the IOPC Funds, in terms of claims management, general administration and outreach during 2016, are described.

The Secretariat, headed by the Director, consists of 26 staff members and is based in London, United Kingdom (pages 10–11). The headquarters of the organisation relocated during 2016 and now shares the premises of the International Maritime Organization, also in London. The relationship between the Host State and the IOPC Funds is governed by a Headquarters Agreement between the United Kingdom Government and the IOPC Funds. The Agreement sets out the privileges and immunities of the IOPC Funds, of delegates to meetings and of staff members.

The organisation’s mission is to pay compensation for damages resulting from a spill of persistent of from a tanker and this section contains an overview of the claims handling process as well as a summary of the incidents currently being dealt with by the 1992 Fund (pages 12–15).

It is the contributions levied by the 1992 and Supplementary Funds which finance the compensation payments and general administration of the organisation. A summary of the total quantities of contributing oil received by Member States is reported under this section, together with an outline of how the annual levies are calculated (pages 16–19).

Key information regarding the running costs of the Secretariat is provided and details of the joint Audit Body and the joint Investment Advisory Body and their role in the management of the IOPC Funds are also given (pages 20–21).

The activities undertaken by the IOPC Funds during 2016 to increase awareness of the Funds’ role in the international oil pollution compensation regime, such as presentations at conferences and the organisation of workshops and meetings with interested parties, are set out under External Relations (pages 22–25). This section also includes details of other outreach methods used by the Secretariat such as publications and the website, which provides up-to-date information about the organisation and includes the Document Services website where users can download all documents for past and forthcoming meetings.

Finally, information is provided on the IOPC Funds’ commitment to facilitating the early entry into force of the 2010 HNS Convention and the work carried out by the Secretariat in that regard during 2016 (pages 26–27).
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 and the course is open to a maximum of 10–12 participants.

Q. Do you offer internships?

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.
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).

Who can claim?
Claims may be made by individuals, partnerships, companies, private organisations or public bodies, including States or local authorities.

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:
- Property damage
- Costs of clean-up operations at sea and on shore
- Economic losses by fisherfolk or those engaged in mariculture
- Economic losses in the tourism sector
- Costs for reinstatement of the environment

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.

Claims are assessed by experts appointed by the shipowner's insurer, who are responsible for investigating the technical merits of claims and making independent assessments of the losses.

How can claims be submitted?
Claims should be made in writing (including e-mail) and 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. It is the responsibility of claimants to submit sufficient evidence to support their claims. It is important that the documentation is complete and accurate.

To give an indication of the type of information which would be required to substantiate a claim, an example Claim Form has been published for information, which includes specific sections for the typical sectors which experience losses as a result of a major incident. Each item of a claim should be supported by an invoice or other relevant supporting documentation, such as work sheets, explanatory notes, accounts and photographs. It is the responsibility of claimants to submit sufficient evidence to support their claims. It is important that the documentation is complete and accurate.

In most incidents, claims should be sent to the offices of the shipowner's insurer or to the IOPC Funds directly. Occasionally, when an incident gives rise to a large number of claims, the 1992 Fund and the P&I Club jointly set up a local claims office so that claims may be processed more easily. In such cases, claimants should submit their claims to that local claims office. The address to which claims for a specific incident should be sent would be given in the local press and also provided on the IOPC Funds' website.

If claimants suffer damage in a State that is Party to the Supplementary Fund Protocol, their claims will automatically be considered for compensation from the Supplementary Fund. In addition, an online claims submission system is under development and expected to be available in 2017.

How are claims settled?
In most cases, claims are settled out of court. The Director has the authority to settle claims and pay compensation up to predetermined levels. 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. The Director is further permitted, in certain circumstances, and within certain limits, to make provisional payment of compensation before a claim is settled if it is necessary to mitigate undue financial hardship to victims of pollution incidents.

Under the 1992 Fund Convention, the 1992 Fund is obliged to ensure that all claimants are given equal treatment so if the total amount of the established claims exceeds the total amount of compensation available under the Civil Liability and Fund Conventions, each claimant will receive the same proportion of the loss. When there is a risk that this situation will arise, the 1992 Fund may have to restrict compensation payments to a percentage of the losses to ensure that all claimants are given equal treatment. The payment level may increases at a later stage if the uncertainty about the total amount of the established claims is reduced. One important effect of the establishment of the Supplementary Fund is that, in practically all cases, it should be possible from the outset to pay compensation for pollution damage in Supplementary Fund Member States at 100% of the amount of damage agreed between the Fund and the claimant.

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, or make formal notification to the 1992 Fund of a court action against the shipowner or their insurer within the three-year period. 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.
Incidents Involving the IOPC Funds

Since their establishment in October 1978, the IOPC Funds have been involved in 150 incidents. Details of all 150 incidents, and in many cases a full case study, including latest developments, can be found under the incidents section of the IOPC Funds’ website at www.iopcfunds.org. A summary of key developments in a number of cases during 2016 and the position taken by the governing bodies in respect of claims is set out below.

Hebei Spirit (Republic of Korea, December 2007)

Almost 130 000 claims have been registered in this case. The Skulld Club has made payments totalling KRW 187 billion and the 1992 Fund has begun to pay compensation to the Korean Government for unrogated claims, totalling KRW 62.2 billion at 31 December 2016. In January 2013, the Limitation Court rendered a decision regarding the distribution of the Hebei Spirit limitation fund, assessing the damages arising out of the Hebei Spirit incident at a total of KRW 738 billion and rejecting 55% of the claims. Almost 124 300 claims have been resolved by judgments or mediation, or have been withdrawn. Some 3 200 claims, however, remain pending in the Seonson Court.

In view of the uncertainty as to the total amount of the admissible claims, in June 2008, and at each of its subsequent sessions, the 1992 Fund Executive Committee decided that the level of payments should be limited to 35% of the amount of the damage actually suffered by the claimants as assessed by the 1992 Fund. Given the fact that the Korean Courts were by and large following the 1992 Fund’s principles, and in view of the commitment by the Korean Government to pay all established claims in full and to stand last in the queue for a number of claims, at its 65th session, the Executive Committee considered it safe to increase the level of payments as long as sufficient safeguards were in place to ensure that the 1992 Fund would not first find itself at risk of overpayment. It decided therefore to increase the level of payments to 50% of the amount of the established losses and to review this decision at its next session. The Committee also instructed the Director to explore with the Korean Government the possibility of a global settlement that would enable the 1992 Fund to pay up to its limit immediately and to present it for consideration and approval at the next session in 2016. At its 65th session, the Executive Committee decided to further increase the level of payments to 60% of the amount of the established losses. This decision was maintained at the following session of the Executive Committee in October 2016.

At the same session, the Director informed the Committee that the Korean Government had decided not to enter into a global settlement with the 1992 Fund since the settlement would not be likely to offer significant benefits to the Government as the reimbursement of the claims was proceeding smoothly and they wished to continue on this route.

The Korean Government will therefore continue to pay all claimants in full and to obtain a recovery of 60% of the payments from the 1992 Fund.

MT Pavit (India, July 2011)

The MT Pavit, having been abandoned by its crew off the coast of the State of Orissa in India on 29 June 2011, drifted across the Arabian Sea and ran aground north of Mumbai, India, on 31 July 2011. The two claims, totalling USD 28 million, which were filed at court within three years of the date of damage, relate to towage services, oil removal/clean-up operations and salvage/float operations. Based on the evidence previously presented it appeared that the MT Pavit, although unladen at the time of her grounding, had carried marine gas oil, which was considered likely to have been non-persistent oil on open oceans. However, in August 2013, the 1992 Fund instructed surveyors to attend upon the vessel in order to take samples from the cargo tanks. Some 4-5 tons of samples were taken from the port forward manifold tanks No 4 (port and starboard), tank No 5 (port) and the pump-room bilges. The samples were sealed and sent to a laboratory in the UK. Analysis of the samples revealed that all of the samples tested were persistent mineral oil. The Director intended to discuss the results of the oil sample analysis with the West of England Club.

Incident in Argentina (December 2007)

The West of England Club has paid all the losses caused by the spill and it was confirmed in 2016 that the total amount of the admissible claims fell within the limit that corresponded to the ship considered responsible, the Tridor Maru, under the 1992 CLC. Following confirmation that no liability would arise for the Fund in respect of this incident, the case was closed.

Alfa I (Greece, March 2012)

Claims have been submitted against the 1992 Fund by two clean-up contractors and the Greek State. The 1992 Fund Executive Committee decided to authorise the Director to pay a settlement of €12 million, in full and final settlement of the main clean-up contractors’ claim against the shipowner, insurer and the 1992 Fund, and to attempt to recover the 1992 CLC limit (4.51 million SDR) from the insurer. In October 2016, the 1992 Fund and the main contractor finalised the terms of a settlement agreement, and the 1992 Fund made payment of €12 million, in full and final settlement of the main clean-up contractor’s claim. The remaining two claims, from the other clean-up contractor and the Greek State, amount to some €439 000 and €42 000 respectively. As at 31 December 2016, the 1992 Fund’s experts were reviewing the evidence submitted by the other clean-up contractor in support of its claim, in order to enable them to complete its assessment of the claim.

Nesa R3 (Sultanate of Oman, June 2013)

As at 31 December 2016, 12 claims totalling OMR 5 005 475, for clean-up-related activities, surveys of the wreck and economic losses suffered in the fisheries sector had been received by the Secretariat. Since all the attempts made by the Omani authorities to obtain a financial commitment from the shipowner have been unsuccessful, there are strong indications that the shipowner will not meet its obligations under the 1992 CLC to pay compensation to persons suffering pollution damage arising out of the incident. As a consequence, although it is unknown whether the total amount of the admissible claims will fall below the limitation amount applicable to the Nesa R3, it is anticipated that the 1992 Fund will in any case be liable to pay compensation for this incident in accordance with Article 4.1 (b) of the 1992 Fund Convention. Having been authorised by the Executive Committee in 2014 to pay compensation in this case, the 1992 Fund assessed 24 claims, totalling OMR 6 791 721, and, of these, 17 claims have been paid in full and final settlement of a total of OMR 1 997 010.

The other claims have been referred to the submission of additional information. In January 2016, the 1992 Fund joined the legal action commenced by the Omani Government against the shipowner and its insurer in the Court of Muscat.

List of open 1992 Fund incidents and their status as at 31 December 2016

<table>
<thead>
<tr>
<th>Ship</th>
<th>Place of incident</th>
<th>Year</th>
<th>Outstanding actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prestige</td>
<td>Spain</td>
<td>2002</td>
<td>Claims pending</td>
</tr>
<tr>
<td>Solar 1</td>
<td>Philippines</td>
<td>2006</td>
<td>Claims pending</td>
</tr>
<tr>
<td>Volgoneft 139</td>
<td>Russian Federation</td>
<td>2007</td>
<td>Claims pending</td>
</tr>
<tr>
<td>Hebei Spirit</td>
<td>Republic of Korea</td>
<td>2007</td>
<td>Claims pending</td>
</tr>
<tr>
<td>JS Amazing</td>
<td>Nigeria</td>
<td>2009</td>
<td>Claims pending</td>
</tr>
<tr>
<td>Redtimer</td>
<td>Nigeria</td>
<td>2009</td>
<td>Claims pending</td>
</tr>
<tr>
<td>Heekup Pacific</td>
<td>Republic of Korea</td>
<td>2010</td>
<td>Claims pending</td>
</tr>
<tr>
<td>MT Pavit</td>
<td>India</td>
<td>2011</td>
<td>Claims pending</td>
</tr>
<tr>
<td>Alfa I</td>
<td>Greece</td>
<td>2012</td>
<td>Claims pending</td>
</tr>
<tr>
<td>Nesa R3</td>
<td>Oman</td>
<td>2013</td>
<td>Claims pending</td>
</tr>
<tr>
<td>Shoko Maru</td>
<td>Japan</td>
<td>Under review</td>
<td></td>
</tr>
<tr>
<td>Trident Star</td>
<td>Malaysia</td>
<td>2014</td>
<td>Under review</td>
</tr>
</tbody>
</table>

Incidents involving the Supplementary Fund

As at 31 December 2016, there have been no incidents involving, or likely to involve the Supplementary Fund.
Oil Reporting and Contributions

The IOPC Funds are financed by contributions levied on any entity that received in the relevant calendar year more than 150,000 tonnes of contributing oil in ports or terminal installations in a Member State after carriage by sea. Contributions are paid by those entities (known as ‘contributors’) directly to the Funds.

Governments of Member States are obliged to report annually to the Secretariat the quantities of oil received by individual contributors. Those quantities are used as the basis of the levy, calculated to provide monies to administer the Funds and to pay claims approved by the governing bodies. A system of deferred invoicing exists whereby the total amount to be levied in contributions for a given calendar year is fixed, but only a specific lower total amount is invoiced for payment by 1 March. The remaining amount or a part thereof is only invoiced later in the year if necessary. Contributions to the General Funds are calculated on the basis of the quantities of contributing oil received in the preceding calendar year by each contributor. Contributions to Major Claims Funds and Claims Funds are calculated on the basis of the quantities of contributing oil received in the year preceding that in which the incident occurred, if the State was a Member of the relevant IOPC Fund at the time of the incident.

**Calculation of contributions**

\[
\text{Total contribution levied ( £ )} = \frac{\text{total of contributing oil received in all Member States (metric tonnes)}}{\text{the amount per tonne}} \times \text{amount to be paid by that contributor in Pounds sterling}
\]

1. **January**
   - The Secretariat sends a request to all Member States for the submission of all reports for the preceding calendar year.

2. **April**
   - Reports are received by 30 April and processed.

3. **October**
   - The governing bodies decide whether and how much to levy to the General Funds and Major Claims Funds.

4. **November**
   - Invoices are issued to contributors, requesting them to pay contributions in accordance with the decisions of the governing bodies.

5. **March**
   - Payment of contributions is due, except in the case of deferred levies.

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**Q. Who pays the cost of being a Member?**

A. In general the receivers of contributing oil (persistent oil) in a Member State are liable to pay contributions, if they have received in excess of 150,000 tonnes in a calendar year. Normally, Member States do not pay any contributions. However, a State can choose to pay the contributions instead of the individual receivers if it wishes, but only a few States have chosen to do this. Under the Supplementary Fund Protocol a minimum of 1 million tonnes of contributing oil is deemed to be received by each Member State. When the aggregate quantity of contributing oil received in a Member State is less than 1 million tonnes, the State must assume the obligation for the difference.

**Q. If nobody in a Member State receives oil, what happens?**

A. If there are no entities in a 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 Declaration Form. The State will have financial protection for any tanker spills but would not have to make any contributions.”

**Q. How much does it cost to be a Member of the 1992 Fund or the Supplementary Fund?**

A. The level of contributions varies each year, depending on the amounts of compensation which the 1992 Fund or the Supplementary Fund has to pay. That depends on the incidents which occur and the amounts to be paid in compensation for each of them and the amount of claims-related expenditure required. There are no fixed premiums to pay and the annual administrative budget of the Secretariat is relatively small (see page 32). The price per tonne of contributing oil is dependent on the amount required and the total amount of oil receipts received for the relevant calendar year.
As at 31 December 2016, oil reports for the calendar year 2015 had not been received from the following 8 Member States: Antigua and Barbuda, Bahamas, Bahrain, Belize, Benin, Brunei Darussalam, Cabo Verde, Cambodia, Comoros, Congo, Cook Islands, Dominica, Fiji, Gabon, Georgia, Grenada, Guinea, Hungary, Iceland, India, Kiribati, Latvia, Liberia, Luxembourg, Madagascar, Maldives, Marshall Islands, Monaco, Montenegro, Mozambique, Namibia, Nauru, Oman, Palau, Qatar, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Samoa, Senegal, Seychelles, Sierra Leone, Slovakia, Slovenia, Switzerland, Tonga, Tuvalu, United Arab Emirates, Vanuatu.

As at 31 December 2016, oil reports for the calendar year 2015 had not been received from the following 47 Member States:

- Albania, Djibouti, Dominican Republic, Morocco, Russian Federation, Senegal, Syrian Arab Republic, Venezuela (Bolivarian Republic of)

- Aruba is a Party to the 1992 Fund Convention only and not the Supplementary Fund Protocol. This accounts for the difference between the figures reported to the 1992 Fund and Supplementary Fund.

- As at 31 December 2016, oil reports had not been received from Morocco.

No contributing oil was received during 2015 in the following 47 Member States:

- Antigua and Barbuda, Bahrain, Belize, Benin, Brunei Darussalam, Cabo Verde, Cambodia, Comoros, Congo, Cook Islands, Dominica, Fiji, Gabon, Georgia, Grenada, Guinea, Hungary, Iceland, India, Kiribati, Latvia, Liberia, Luxembourg, Madagascar, Maldives, Marshall Islands, Monaco, Montenegro, Mozambique, Namibia, Nauru, Oman, Palau, Qatar, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Samoa, Senegal, Seychelles, Sierra Leone, Slovakia, Slovenia, Switzerland, Tonga, Tuvalu, United Arab Emirates, Vanuatu.

**Deemed to have received 1 000 000 tonnes for the purposes of contributions to the Supplementary Fund.**

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

**As a Party to the 1992 Fund Convention only and not the Supplementary Fund Protocol.**

Contributing oil received in the calendar year 2015 in the territories of 59 States which were Members of the 1992 Fund on 31 December 2016 (as reported by 31 December 2016) is listed below.

### Member State

1. **Japan** 210 181 982 13.80%
2. **India** 192 259 584 12.62%
3. **Netherlands** 136 899 999 8.97%
4. **Republic of Korea** 130 354 706 8.56%
5. **Italy** 119 975 857 7.28%
6. **Singapore** 106 214 709 6.97%
7. **Spain** 74 105 539 4.86%
8. **France** 63 701 783 4.18%
9. **United Kingdom** 49 122 184 3.22%
10. **Canada** 44 872 612 2.95%
11. **Malaysia** 35 123 338 2.31%
12. **Greece** 28 280 927 1.86%
13. **Turkey** 27 012 581 1.77%
14. **Germany** 25 337 257 1.66%
15. **Sweden** 22 985 183 1.51%
16. **Australia** 19 183 647 1.26%
17. **Bahamas** 17 788 960 1.17%
18. **Argentina** 14 906 322 0.98%
19. **Portugal** 14 582 685 0.96%
20. **Panama** 14 452 850 0.95%
21. **Iran (Islamic Republic of)** 13 139 290 0.86%
22. **Philippines** 12 110 144 0.79%
23. **Norway** 11 207 338 0.74%
24. **Finland** 10 723 476 0.70%
25. **Lithuania** 8 678 646 0.57%
26. **Denmark** 8 169 307 0.54%
27. **Poland** 8 103 125 0.53%
28. **China** 7 217 595 0.47%

**Total** 1 523 436 362 100%

### Member State

1. **Bulgaria** 6 609 705 0.43%
2. **Croatia** 6 313 904 0.41%
3. **New Zealand** 5 692 839 0.37%
4. **Belgium** 5 044 249 0.33%
5. **Trinidad and Tobago** 3 938 889 0.26%
6. **Saint Lucia** 3 640 161 0.24%
7. **Mexico** 3 624 020 0.24%
8. **Ireland** 3 416 857 0.22%
9. **Malta** 3 402 687 0.22%
10. **Côte d’Ivoire** 3 304 924 0.22%
11. **Equador** 3 064 458 0.20%
12. **Angola** 2 600 431 0.17%
13. **Uruguay** 2 004 407 0.13%
14. **Estonia** 1 997 216 0.13%
15. **Cameroon** 1 997 216 0.13%
16. **Tunisia** 1 810 930 0.12%
17. **Sierra Leone** 1 772 676 0.12%
18. **Nigeria** 1 287 961 0.08%
19. **Nicaragua** 979 588 0.06%
20. **Cyprus** 871 644 0.06%
21. **Mauritius** 642 043 0.04%
22. **Algeria** 580 745 0.04%
23. **Papua New Guinea** 568 545 0.04%
24. **Ghana** 322 347 0.02%
25. **United Republic of Tanzania** 284 336 0.02%
26. **Colombia** 252 179 0.02%
27. **Barbados** 243 990 0.02%
28. **Mauritania** 241 649 0.02%

**Total** 1 523 436 362 100%
Joint Secretariat expenses

The joint administrative expenses (excluding the External Auditor’s fees which are paid directly by each of the Funds) for the Secretariat, administered by the 1992 Fund are set out below.


Financial information

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.

1992 Fund

Financial Information for 2015 (audited)

Contributions of some £3.8 million were levied in 2014 for payment in 2015 in relation to the General Fund.

Interest on investments amounted to some £1.8 million. Claims and claims-related expenditure during the period was some £17.3 million. The payments related mainly to the Hebei Spirit and Nesa R3 incidents.

Financial Information for 2016 (unaudited)

Contributions of some £4.4 million were levied in 2015 for payment in 2016 in relation to the General Fund.

Interest on investments amounted to some £1.1 million. Claims and claims-related expenditure during the period was some £39.3 million. The payments related mainly to the Hebei Spirit, Nesa R3 and Afla incidents.

The IOPC Funds’ offices were relocated in July 2016 to the building of the International Maritime Organization (IMO). The relocation was financed through budget appropriations in 2014, 2015 and 2016 with an amount of £36 500 of which £33 000 was in respect of the management fee payable to the 1992 Fund.

The Inhalation of the Audit Body and the Investment Advisory Body are available under the ‘Oversight Bodies’ page of the website.

Supplementary Fund

Financial Information for 2015 (audited)

No contributions were levied for payment in 2015. Interest on investments amounted to some £3 900. Total obligations incurred by the Supplementary Fund amounted to £36 500 of which £33 000 was in respect of the management fee payable to the 1992 Fund.

Financial Information for 2016 (unaudited)

No contributions were levied for payment in 2016. Interest on investments amounted to some £3 700. Total obligations incurred by the Supplementary Fund amounted to £37 500 of which £34 000 was in respect of the management fee payable to the 1992 Fund.

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 regime for oil pollution compensation, to assist with implementation of the Conventions at 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 2016 are outlined in the text opposite and shown on the adjacent map, together with other key outreach activities delivered since 2012.

Q. How does the IOPC Funds plan its outreach activities?

A. The IOPC Funds cooperates with a range of intergovernmental organisations as well as with the oil and shipping industry to facilitate the adoption of the oil pollution liability and compensation regime worldwide. Every year, the Secretariat meets with these stakeholders to jointly plan outreach activities which also takes into account direct requests from States whenever possible.

Oil Spill Conferences

- **Location:** Opatija, Croatia
  - Name of Event: ADRASTIS 2016
  - Participation in and presentations delivered at the third Adriatic Spill Conference and Exhibition which included discussions on the definition of ‘ship’, the new online claims handling system and the progress being made by States towards ratification of the 2010 HNS Convention.

- **Location:** Mumbai, India
  - Name of Event: OilSpillCon 2016
  - Participation: presentations delivered and sessions chaired at this international conference focusing on oil spill prevention, preparedness and response. The Secretariat also had an exhibition stand at the event.

- **Location:** Wellington, New Zealand
  - Name of Event: MARENDA project
  - Participation: delivery of a two-day seminar to IOPC Funds’ National Workshop.

- **Location:** Pula, Croatia
  - Name of Event: IOPC Funds’ National Workshop
  - Delivery of a three-day seminar to provide the Maritime Authority of Croatia with an overview of the international liability and compensation regime following the Republic of Croatia becoming the 114th Member State of the 1992 Fund.

- **Location:** Bangkok, Thailand
  - Name of Event: IMO Workshop on Liability Conventions
  - Participation in this interactive workshop on the international liability and compensation regime hosted by Thailand’s Marine Department.

- **Location:** Tokyo, Japan
  - Name of Event: PAJ Oil Spill Symposium 2016
  - Participation in and presentation delivered at this two-day oil spill symposium organised by the Petroleum Association of Japan.

- **Location:** Batumi, Georgia
  - Name of Event: Georgia International Maritime Forum 2016
  - Presentation delivered at the Georgia International Maritime Forum 2016 on the topic of shipping indispensable to the world.

- **Location:** Singapore
  - Name of Event: Marine Environmental Protection in Asia
  - Participation in a conference on Marine Environmental Protection in Asia hosted by the Law of the Sea Institute (LSI) of the University of California, Berkeley, the Korea Institute of Ocean Science and Technology, and the Centre for International Law at the National University of Singapore.

- **Location:** Wellington, New Zealand
  - Name of Event: GI-WACAF National Workshop
  - Participation in this national workshop on the international liability and compensation regime following the Republic of Nicaragua becoming the 114th Member State of the 1992 Fund.

- **Location:** Accra, Ghana
  - Name of Event: IMO Workshop on Liability Conventions
  - Participation in this national workshop on the international liability and compensation regime following the Republic of Nicaragua becoming the 114th Member State of the 1992 Fund.
External Relations

In-house visits

In addition to these activities, delegations from a variety of organisations and universities visit the Funds’ offices when in London. In 2016, visitors included students from the International Maritime Law Institute (IMLI) in Malta, the universities of Deusto and Barcelona in Spain, Ghent in Belgium, and the International Tribunal for the Law of the Sea (ITLOS) Nippon Fellows participating in the dispute settlement training programme. During these visits, the Secretariat usually delivers presentations and holds question and answer sessions on the international liability and compensation regime.

Regional lunch meetings

The Secretariat organises informal lunch meetings at the IOPC Funds’ offices for London-based representatives of Member and non-Member States according to geographical regions. These meetings provide an opportunity for the Secretariat to improve contacts with States and to deal with queries relating to membership, oil reporting and contributions. During 2016, lunch meetings were held for States in the regions of the Middle East, Africa and South Asia. Further events are planned for 2017.

IOPC Funds’ Short Course

The sixth annual IOPC Funds’ Short Course took place in June 2016. The programme covered all aspects of the work of the IOPC Funds and the international liability and compensation regime in general and included practical exercises which allowed participants to study a theoretical incident and the subsequent claims submission process. Participants also had the opportunity to visit the IMO Headquarters, the offices of the Shipowners’ Club, as well as the International Group of P&I Associations, and had a guided tour of Lloyd’s of London. The course is currently supported by IMO, the International Group (ITOPF), INTERTANKO and ICS. Each year the course is open to self-funded participants from 1992 Fund Member States, nominated directly by their government.

The deadline for nominations from 1992 Fund Member States for participants of the annual IOPC Funds Short Course is usually in April each year. Nomination forms are made available online.

Publications

In addition to the Annual Report 2016, during 2016 the Secretariat also published a new brochure about the functioning of the IOPC Funds. Two further Guidance documents for Member States were also published, the first relating to the definition of ‘ship’ under the 1992 CLC and the second relating to the Management of Fisheries Closures and Restrictions Following an Oil Spill. All publications, including the Texts of the Conventions, the Claims Manual and other documents containing guidance for claimants and Member States are available to download from the IOPC Funds’ website.

Website

The IOPC Funds’ website is the hub for all information pertaining to the Organisations and is available in English, French and Spanish. To coincide with the relocation of the offices of the IOPC Funds, in July 2016 the Funds’ website was made available in a new refreshed format, incorporating the new logo and providing a lighter, more contemporary look and feel for users, whilst generally maintaining the main navigation, functionality and content of the site. The site is also now fully-responsive for mobile devices.

The website 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, a map displaying the membership of the IOPC Funds, a downloadable example Claim Form and statistical information.

In addition, the website provides access to other IOPC Funds’ services and websites, including Document Services, the Online Reporting System and the HNS Convention website.

For regular notifications of new publications, documents and news items from the IOPC Funds, register for an account via the document services section of the website.

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)
- 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 (MOOWCA)
- Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPECS)
- United Nations (UN)
- United Nations Environment Programme (UNEP)

Non-governmental organisations granted observer status

- BIMCO
- Comité Maritime International (CMI)
- Conference of Peripheral Maritime Regions (CPMR)
- European Chemical Industry Council (CEFIC)
- International Association of Classification Societies Ltd (IACS)
- International Chamber of Shipping (ICS)
- International Group of P&I Associations
- International Salvage Union (ISU)
- International Spill Control Organization (ISCO)
- International Tanker Owners Pollution Federation Ltd (ITOPF)
- International Union of Marine Insurance (IUMI)
- INTERTANKO
- Oil Companies International Marine Forum (OCIMF)
- World LPG Association (WLPGA)
The 2010 HNS Convention


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). The 1992 Fund Secretariat has since continued to prepare for the entry into force of the Convention on the basis that all expenses incurred in that regard will be repaid, with interest, to the States and international organizations which incurred them.

Work undertaken by the 1992 Fund in 2016

Throughout 2016, the Secretariat continued to provide assistance to States in order to support the Convention’s early entry into force. The HNS Correspondence Group, established by the Legal Committee of IMO in 2014 and chaired by François Marier of Canada, has continued its work, advocating for the ratification of the 2010 HNS Protocol through information and experience sharing. The 1992 Fund Secretariat supports this group by administering its online blogging site and has worked closely with the Chairman and other key stakeholders to produce the planned outputs of the Correspondence Group.

The Secretariat also maintains the website www.hnsconvention.org, which provides easy access to a number of tools and resources for the use of those States considering, or in the process of, ratifying the Convention. This website, which is available in English, French and Spanish, includes all the official texts related to that Convention as well as the IMO-approved HNS contributing cargo reporting guidelines with its model reporting forms and the web-based database, the HNS Finder, which provides a complete list of HNS covered by the Convention. The HNS Finder includes a search function which enables users to look up substances and determine whether a substance is contributing cargo that must be reported, and whether it qualifies for compensation under the Convention.

During 2016 the Secretariat has continued to promote the Convention and to offer assistance and information to both States and contributors alike on the practical aspects of the 2010 HNS Convention. It participated in a workshop hosted in Montreal by Canada in March 2016 which focused on the next steps required by States to bring about the entry into force of the Convention and also delivered presentations on the HNS Convention at a number of conferences in London, United Kingdom and abroad.

The Secretariat participated in various workshops on the liability and compensation regime for oil spills in 2016 (see pages 22-23) which enabled the Secretariat to also deliver presentations on the importance of introducing a similar system for HNS. The Secretariat has also engaged further with the European Institutions in Brussels in 2016 as they discuss the adoption of a decision by the Council of the European Union (EU) aimed at authorising and encouraging EU States to ratify the 2010 HNS Convention within a certain deadline.

Resources available

Visit www.hnsconvention.org for more information.

2010 HNS Convention — the facts

Hazardous and noxious substances covered by the HNS Convention are defined by references to various IMO Conventions and Codes. These include: oils, other liquid substances defined as noxious or dangerous; liquefied gases; liquid substances with a flashpoint not exceeding 60°C; dangerous, hazardous and harmful materials and substances carried in packaged form or in containers; and solid bulk materials defined as possessing chemical hazards.

The 2010 HNS Convention offers a two-tier system in one single treaty, in which the shipowner is strictly liable to pay the first tier of compensation, while a Fund (the HNS Fund) generated from levies on cargo receivers in all Member States provides the second-tier of compensation.

The shipowner’s liability varies for bulk HNS and packaged HNS. For bulk HNS it ranges from 10 million SDR for ships up to 2 000 GT to a maximum of 100 million SDR for ships of 100 000 GT and above. For damage caused by packaged HNS, it ranges from 11.5 million SDR to a maximum of 115 million SDR. It is compulsory for all ships to have insurance to cover their liability and claimants have a right of direct action against the insurer.

The HNS Fund will provide the second tier of compensation up to a total of 250 million SDR, including the amount payable by the shipowner under the first tier, irrespective of ship size, and will comprise a general account covering bulk solids and other HNS as well as three separate accounts for oil, LPG and LNG. Each separate account will meet claims attributable to the respective cargo and will be funded in proportion to total receipts of those cargoes in Member States, which means that there will be no cross-subsidisation between accounts.

* Ships below 200 GT can be excluded from the Convention by the State Party.

## Table: Contributions to account/sector per receiver

<table>
<thead>
<tr>
<th>Account</th>
<th>Establishment</th>
<th>Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>40 million</td>
<td>&gt; 20 000 tonnes</td>
</tr>
<tr>
<td>Oil</td>
<td>350 million</td>
<td>&gt; 150 000 tonnes</td>
</tr>
<tr>
<td>Persistent oil</td>
<td></td>
<td>&gt; 20 000 tonnes</td>
</tr>
<tr>
<td>Non-persistent oil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LPG</td>
<td>15 million</td>
<td>&gt; 20 000 tonnes</td>
</tr>
<tr>
<td>LNG</td>
<td>20 million</td>
<td>No minimum quantity</td>
</tr>
</tbody>
</table>

** Condition for entry into force
In this section, information is provided on the structure, composition and main functions of the governing bodies of the IOPC Funds (pages 32–33).

The governing bodies agree upon dates for their future sessions at each October meeting. Dates are agreed for two meetings per year, in spring and autumn, with the possibility to hold further meetings should the need arise. Details are provided on the key discussions and decisions taken at the 2016 sessions of the governing bodies, which took place in April and October (pages 32–33).

The April 2016 meetings included sessions of the 1992 Fund Administrative Council, acting on behalf of the Assembly, the Supplementary Fund Assembly and of the 1992 Fund Executive Committee.

The October meetings saw sessions of the 1992 Fund Assembly, and further sessions of the Supplementary Fund Assembly and the 1992 Fund Executive Committee.

Complete Records of Decisions for all meetings may be accessed via the Document Services section of the IOPC Funds’ website (www.iopcfunds.org).
Structure of the Governing Bodies

1992 Fund Assembly (Administrative Council if no quorum)
- Composition: All 1992 Fund Member States
- Chairman: Gaute Sivertsen (Norway)
- First Vice-Chairman: Tomotaka Fujita (Japan)
- Second Vice-Chairman: Samuel Roger Minkeng (Cameroon)
- Frequency of meetings: Often twice per year. One regular session, every October. Additional extraordinary session in April/May.
- Role: Supreme organ of Fund, deciding on budget, contributions, appointment of Director, External Auditor; adoption of Internal and Financial Regulations, policy, etc.

1992 Fund Executive Committee
- 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.
- Chairman: Stacey Fraser (New Zealand)
- Vice-Chairman: Yikai Yao (Singapore)
- Frequency of meetings: Often twice per year.
- Role: Subsidiary body, established by Assembly to take policy decisions on the admissibility of claims.

Supplementary Fund Assembly
- Composition: All Supplementary Fund Member States
- Chairman: Sung-Ilum Kim (Republic of Korea)
- First Vice-Chairman: Birgit Sølling Olsen (Denmark)
- Second Vice-Chairman: Emre Dinçer (Turkey)
- Frequency of meetings: Often once per year. One regular session, every October. Additional extraordinary session in April/May, if required.
- 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.
Sung-Burn Kim (Republic of Korea) Chairman since October 2011

Stacey Fraser (New Zealand) Chairman since October 2015

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 the 1992 Fund Assembly in respect of a number of items also relevant to the Supplementary Fund, in particular, the appointment of the Director; the Agreement on interim payments and the review of STOPA 2006 and TOPIA 2006. It approved the financial statements of the Supplementary Fund for 2015 and adopted an administrative budget for 2017 of £47 200. It also decided to maintain the working capital of the Supplementary Fund at £1 million but instructed the Director to review the working capital and the sharing of the burden amongst Member States and to put forward a proposal to the Supplementary Fund Assembly in April 2017. It decided that no levies of 2016 contributions were required and agreed to pay a flat management fee of £34 000 to the 1992 Fund for the financial year 2017.

Q. How do I register to attend the meetings?
A. Representatives of Member States or States and Organisations with observer status must register in advance of the meetings via the online registration system under the Document Services section of the website. Representatives of other States and Organisations or members of the public are welcome to observe the meetings and must inform the Secretariat in advance by email to conference@iopcfunds.org.
As in previous years, the Financial Statements of the 1992 Fund and the Supplementary Fund were audited by the External Auditor of the IOPC Funds, the Comptroller and Auditor General of the United Kingdom. This was the final set of Financial Statements to be audited by the National Audit Office, United Kingdom. The Financial Statements for 2016 will be audited by the newly appointed External Auditor (BDO International) (see Administration section, pages 20–21).

The Financial Statements for 2015 were prepared in compliance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations of the respective Funds, where appropriate. The Key Financial Figures for 2016 (unaudited) which are provided in this section have also been arrived at in conformity with the requirements of IPSAS.

The Financial Statements of the IOPC Funds for the period 1 January to 31 December 2015 were approved by the respective governing bodies during their sessions in October 2016.


Certificate

Financial Statements for 2015


Key Financial Figures for 2016

As in previous Annual Reports, revenue and expenditure figures are given for 2016 in respect of each Fund. Audited results for 2016 will be included in the 2017 Annual Report.

External Auditor’s Statement on the extracts from the 2015 Financial Statements

Extracts from the 1992 Fund Statement of Financial Position and the 1992 Fund Statement of Financial Performance, on which an unqualified opinion and a Report have been issued, are contained on pages 37–38. They are consistent with the audited Financial Statements for the year ended 31 December 2015, approved by the 1992 Fund Assembly (21st session). Extracts from the Supplementary Fund Statement of Financial Position and the Supplementary Fund Statement of Financial Performance, on which an unqualified opinion has been issued, are contained on pages 39–40. They are also consistent with the audited Financial Statements for the year ended 31 December 2015, approved by the Supplementary Fund Assembly (13th session).

Mr Damian Brewitt, Director
National Audit Office, United Kingdom
February 2017

Extracts from 2015 Financial Statements

| 1992 Fund Statement of Financial Position by segment |
|----------------------------------------|----------|----------|----------|----------|----------|----------|----------|
| **ASSETS**                                                                 | **£**    | **£**    | **£**    | **£**    | **£**    | **£**    | **£**    |
| Current assets                                                                                                                                  |
| Cash and cash equivalents                                                                                                                     | 28 716 901 | 23 869 335 | 102 981 550 | 5 103 156 | -         | 160 670 942 | 177 986 426 |
| Contributions receivable                                                                                                                      | 306 804   | 21 687   | 1 291 356   | 88 381   | -         | 1 708 228   | 1 806 348   |
| Other receivables                                                                                                                           | 442 867   | 36 857   | 745 681     | 47 719   | -         | 1 273 124   | 1 249 279   |
| Staff Provident Fund [Externally managed]                                                                                                      | 574 738   | -        | -          | -        | -         | 574 738     | -          |
| Total current assets                                                                                                                        | 30 041 310| 23 927 879| 105 018 587 | 5 239 256| 164 227 032| 180 742 053|
| Non-current assets                                                                                                                          | -         | -        | -          | -        | -         | -          | -          |
| Due from HNS Fund                                                                                                                           | -         | -        | -          | -        | -         | -          | -          |
| Equipment and Intangible assets                                                                                                              | 105 898   | -        | -          | -        | -         | 105 898    | 128 359    |
| Total non-current assets                                                                                                                    | -         | -        | -          | -        | -         | -          | 421 459    |
| **TOTAL ASSETS**                                                                                                                            | 30 460 226| 23 927 879| 105 018 587 | 5 239 256| 164 227 032| 181 163 512|
| **LIABILITIES**                                                                                                                             | **£**    | **£**    | **£**    | **£**    | **£**    | **£**    | **£**    |
| Current liabilities                                                                                                                         | -         | -        | -          | -        | -         | -          | -          |
| Payables and accruals                                                                                                                        | 260 770   | 26 220   | 1 470 680   | -        | -         | 1 757 670   | 1 300 715   |
| Provision for compensation                                                                                                                 | 4 806 737 | 62 486   | 56 000 729  | 2 505 623| 5 111 920 | 68 487 495  | 36 102 014  |
| Provision for relocation                                                                                                                   | 24 750    | -        | -          | -        | -         | 24 750     | -          |
| Provision for employee benefits [short-term]                                                                                                  | 135 463   | -        | -          | -        | -         | 135 463    | 181 789    |
| Prepaid contributions                                                                                                                      | 532 349   | -        | -          | -        | -         | 532 349    | 155 746    |
| Contributors’ account                                                                                                                      | 1 202 730 | -        | -          | -        | -         | 1 202 730  | 2 389 194   |
| Total current liabilities                                                                                                                   | 6 962 799 | 88 706   | 57 471 409  | 2 505 623| 5 111 920 | 72 140 457  | 40 128 428  |
| Non-current liabilities                                                                                                                    | -         | -        | -          | -        | -         | -          | -          |
| Staff Provident Fund [Externally managed]                                                                                                      | 4 802 895 | -        | -          | -        | -         | 4 802 895  | 4 393 956   |
| Provision for employee benefits [long-term]                                                                                                  | 349 726   | -        | -          | -        | -         | 349 726    | 277 139    |
| Total non-current liabilities                                                                                                               | 5 152 621 | -        | -          | -        | -         | 5 152 621  | 4 671 095   |
| **TOTAL LIABILITIES**                                                                                                                       | 12 115 420| 88 706   | 57 471 409  | 2 505 623| 5 111 920 | 77 293 078  | 44 799 523  |
| **NET ASSETS**                                                                                                                              | **£**    | **£**    | **£**    | **£**    | **£**    | **£**    | **£**    |
| 2015 General Fund                                                                                                                          | 18 344 806| 23 839 173| 47 547 178  | 2 733 633| (9 111 920)| 87 352 870  | 136 363 989 |
| 2015 Prestige MCF                                                                                                                          | -         | -        | -          | -        | -         | -          | -          |
| 2015 Hebei Spirit MCF                                                                                                                      | -         | -        | -          | -        | -         | -          | -          |
| 2015 Volgoneft 139 MCF                                                                                                                     | -         | -        | -          | -        | -         | -          | -          |
| 2015 Alfa I MCF                                                                                                                            | -         | -        | -          | -        | -         | -          | -          |
| **TOTAL**                                                                                                                                     | 18 344 806| 23 839 173| 47 547 178  | 2 733 633| (9 111 920)| 87 352 870  | 136 363 989 |

As at 31 December 2015
### 1992 Fund Statement of Financial Performance by segment

**General and Major Claims Funds**

For the financial period 1 January–31 December 2015

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Contributions</td>
<td>3 905 537</td>
<td>-</td>
<td>123 530</td>
<td>7 028</td>
<td>-</td>
<td>4 036 095</td>
<td>73 081 023</td>
</tr>
<tr>
<td>Contributions-in-kind</td>
<td>381 200</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>381 200</td>
<td>381 200</td>
</tr>
<tr>
<td>Interest on investments</td>
<td>194 963</td>
<td>69 057</td>
<td>1 089 332</td>
<td>296 272</td>
<td>-</td>
<td>1 649 624</td>
<td>2 123 786</td>
</tr>
<tr>
<td>Other revenue</td>
<td>77 067</td>
<td>6 752</td>
<td>39 192</td>
<td>2 637</td>
<td>-</td>
<td>125 648</td>
<td>713 924</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>4 558 767</td>
<td>75 809</td>
<td>1 252 054</td>
<td>305 937</td>
<td>-</td>
<td>6 192 567</td>
<td>16 299 933</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation claims</td>
<td>5 674 924</td>
<td>(3 328)</td>
<td>34 749 439</td>
<td>(377 403)</td>
<td>5 111 920</td>
<td>45 155 652</td>
<td>29 404 200</td>
</tr>
<tr>
<td>Claims-related expenses</td>
<td>198 215</td>
<td>138 058</td>
<td>2 860 898</td>
<td>-</td>
<td>-</td>
<td>3 227 171</td>
<td>2 953 082</td>
</tr>
<tr>
<td>Finance cost from hedging instrument</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Personnel costs and other administrative costs</td>
<td>4 435 903</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4 435 903</td>
<td>4 283 779</td>
</tr>
<tr>
<td>Allowance for relocation</td>
<td>24 750</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Currency exchange differences</td>
<td>2 307</td>
<td>851 177</td>
<td>743 936</td>
<td>402 694</td>
<td>-</td>
<td>2 000 114</td>
<td>1 767 928</td>
</tr>
<tr>
<td>Increase in allowance for contributions and interest on overdue contributions</td>
<td>31 583</td>
<td>1 551</td>
<td>(475)</td>
<td>(1 521)</td>
<td>-</td>
<td>31 138</td>
<td>10 722</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>10 367 682</td>
<td>987 458</td>
<td>38 712 856</td>
<td>23 770</td>
<td>5 111 920</td>
<td>55 203 686</td>
<td>38 416 970</td>
</tr>
</tbody>
</table>

**DEFICIT/SURPLUS FOR THE YEAR**

(5 808 915) (911 649) (37 460 802) 282 167 (5 111 920) (49 011 119) (22 117 037)

### Supplementary Fund Statement of Financial Position

As at 31 December 2015

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>911 104</td>
<td>941 692</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1 157</td>
<td>1 166</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>912 261</td>
<td>942 857</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>912 261</td>
<td>942 857</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>912 261</td>
<td>942 816</td>
</tr>
<tr>
<td><strong>FUND BALANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance b/f 1 January</td>
<td>942 816</td>
<td>971 465</td>
</tr>
<tr>
<td>(Deficit)</td>
<td></td>
<td>(30 555) (28 649)</td>
</tr>
<tr>
<td><strong>GENERAL FUND BALANCE</strong></td>
<td>912 261</td>
<td>942 816</td>
</tr>
</tbody>
</table>
## Supplementary Fund Statement of Financial Performance

For the financial period 1 January–31 December 2015

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on investments</td>
<td>5,945</td>
<td>6,951</td>
</tr>
<tr>
<td>Total revenue</td>
<td>5,945</td>
<td>6,951</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative costs</td>
<td>36,500</td>
<td>35,600</td>
</tr>
<tr>
<td>Total expenses</td>
<td>36,500</td>
<td>35,600</td>
</tr>
<tr>
<td><strong>(DEFICIT) FOR THE YEAR</strong></td>
<td>(30,555)</td>
<td>(28,649)</td>
</tr>
</tbody>
</table>

**Financial Figures for 2016**

### 1992 Fund Key Financial Figures for 2016 (unaudited)

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

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE (£)</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions due in 2016:</td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>4,400,000</td>
</tr>
<tr>
<td>Other Revenue:</td>
<td></td>
</tr>
<tr>
<td>Interest on investments</td>
<td>1,150,000</td>
</tr>
<tr>
<td>Management fee payable by Supplementary Fund</td>
<td>34,000</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>5,584,000</td>
</tr>
<tr>
<td><strong>ADMINISTRATIVE COSTS (£)</strong></td>
<td>2016</td>
</tr>
<tr>
<td>Joint Secretariat</td>
<td></td>
</tr>
<tr>
<td>Budget (excluding External Auditor’s fees for respective IOPC Funds)</td>
<td>4,407,360</td>
</tr>
<tr>
<td>Expenditure (excluding External Auditor’s fees for respective IOPC Funds)</td>
<td>3,951,000</td>
</tr>
<tr>
<td>External Auditor’s fees in respect of 1992 Fund</td>
<td>50,000</td>
</tr>
<tr>
<td>Relocation costs</td>
<td>739,174</td>
</tr>
<tr>
<td><strong>CLAIMS EXPENDITURE (£)</strong></td>
<td>2016</td>
</tr>
<tr>
<td>Incident</td>
<td>Compensation</td>
</tr>
<tr>
<td>Prestige (including interim reimbursement of £18,868 from the P&amp;I Club for joint costs)</td>
<td>45,200</td>
</tr>
<tr>
<td>Volgoneft 739</td>
<td>310,060</td>
</tr>
<tr>
<td>Hebei Spirit (including interim reimbursement of £325,118 from the P&amp;I Club for joint costs)</td>
<td>24,064,400</td>
</tr>
<tr>
<td>Nessa R3</td>
<td>1,344,600</td>
</tr>
<tr>
<td>Alfa I</td>
<td>10,856,100</td>
</tr>
<tr>
<td>Other incidents</td>
<td>-</td>
</tr>
<tr>
<td>Total Claims Expenditure</td>
<td>36,620,860</td>
</tr>
</tbody>
</table>
## Supplementary Fund Key Financial Figures for 2016 (unaudited)

Revenue and Expenditure figures rounded and subject to audit by the External Auditor (Prepared under IPSAS—accrual based accounting)

### Revenue (£)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions due in 2016</td>
<td>-</td>
</tr>
<tr>
<td>Other revenue:</td>
<td></td>
</tr>
<tr>
<td>Interest on investments</td>
<td>5,700</td>
</tr>
<tr>
<td>Total revenue</td>
<td>5,700</td>
</tr>
</tbody>
</table>

### Expenditure (£)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative costs:</td>
<td></td>
</tr>
<tr>
<td>Management fee payable to 1992 Fund</td>
<td>34,000</td>
</tr>
<tr>
<td>External Auditor’s fees</td>
<td>3,500</td>
</tr>
</tbody>
</table>
Acknowledgements

Photographs

Cover image
Alamy

Inside cover and pages 12, 16–17 and 34–35
Shutterstock

Pages 2, 3, 10, 11, 21, 24–25, 28–29, 32–33
You Inspire Photography

Pages 2, 3, 15 (Alfa I and Nesa R3) and 21
IOPC Funds

Page 8
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Page 14 (MT Pavit)
Aj Silverblack, Panoramio

Page 14 (Prestige and Hebei Spirit) and page 15 (Trident Star)
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