

# Removal of wreck - an increasing challenge for insurers

**Mike Kelleher**

Director,

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# REMOVAL OF WRECK – AN INCREASING CHALLENGE FOR INSURERS

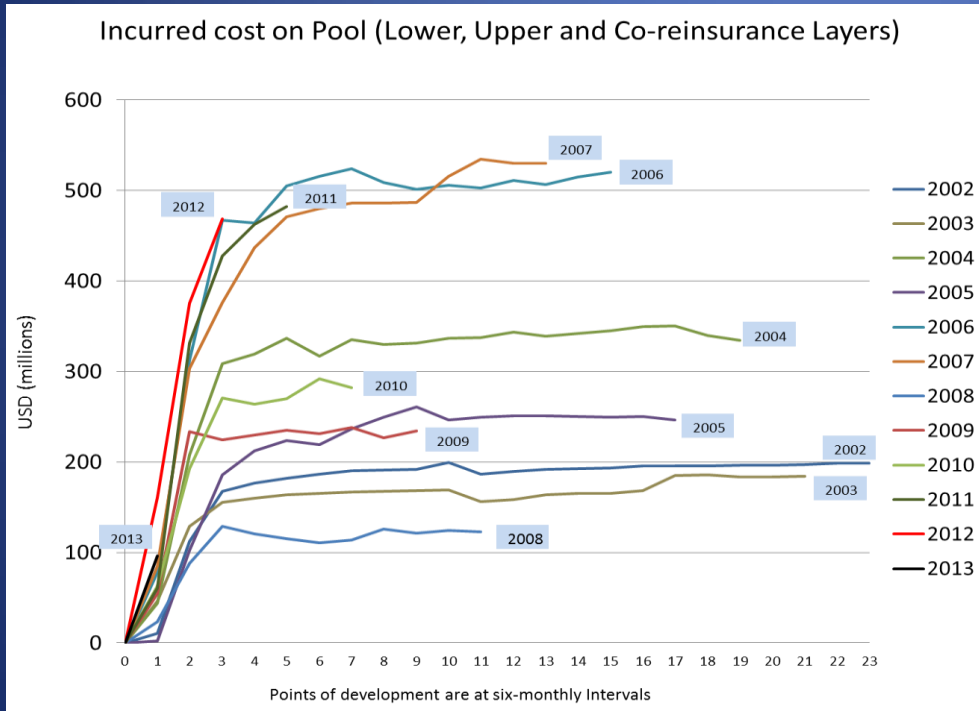


**Michael Kelleher**

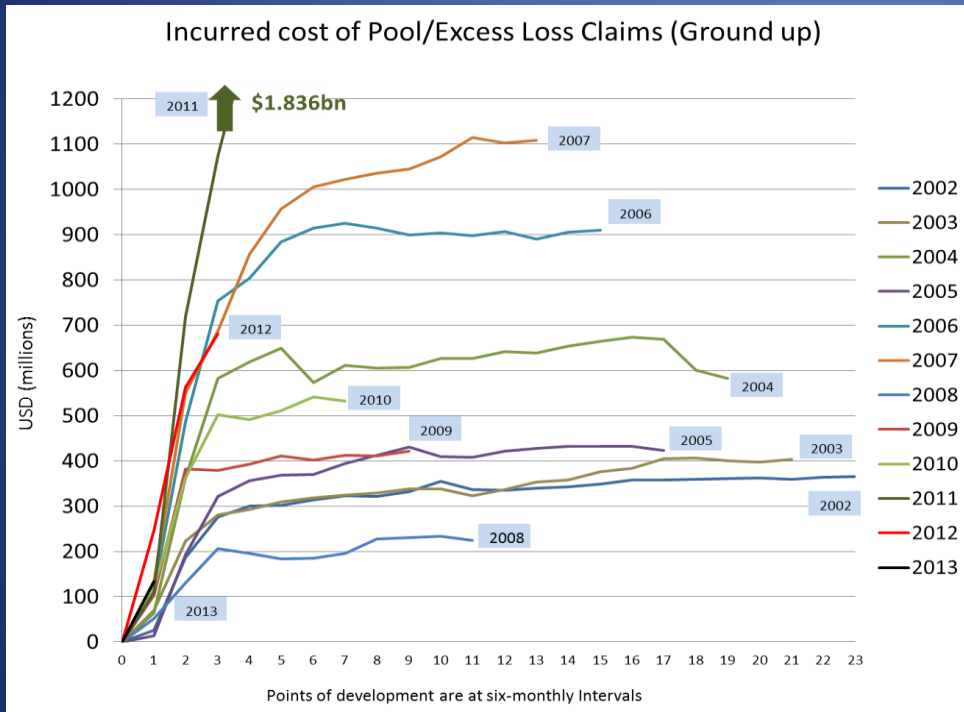
Director, West of England Insurance Services (Luxembourg) S.A.



# INCURRED COST ON POOL



# INCURRED COST ON POOL



# 20 MOST SIGNIFICANT CASUALTIES

Year	Vessel name	Type	Club	GT	Containers On Board	Gross Incurred (USDs)	ROW/Scopic (USDs)
2002	TRICOLOR	Ro Ro	Gard	49792		72,056,112	54,775,816
2004	HYUNDAI NO 105	Car Carrier	UK	40772		67,711,237	56,087,761
2004	SELENDANG AYU	Bulk Carrier	Swedish	39775		167,654,495	147,463,633
2005	CP VALOUR	Container	WoE	15145	900	48,302,427	44,553,142
2005	TWIN STAR	Bulk Carrier	Japan	14437		38,242,593	33,751,367
2006	OCEAN VICTORY	Bulk Carrier	WoE	88853		61,933,712	52,285,246
2006	ROKIA DELMAS	Container	Swedish	33047	391	89,250,000	73,284,457
2006	GIANT STEP	Ore Carrier	Japan	98587		58,608,823	38,887,613
2006	CALIFORNIA	Bulk Carrier	American	40182		43,812,522	43,670,308
2006	MSC NAPOLI	Container	London	53409	2,318	193,684,930	135,301,307
2007	NEW FLAME	Bulk Carrier	Swedish	26824		180,016,513	177,372,321
2007	SEA DIAMOND	Passenger	WoE	22412		85,860,517	58,055,913
2007	EASTERN BRIGHT	Chemical Tanker	Japan	1715		65,763,686	58,513,986
2008	FEDRA	Bulk Carrier	American	35886		66,162,281	60,707,280
2010	JOLLY AMARANTO	Ro Ro	UK	22945		84,954,388	45,328,265
2010	MSC CHITRA	Container	Standard	33113	1,219	114,500,000	102,474,886
2011	B OCEANIA	Bulk Carrier	Swedish	38337		77,123,847	75,845,785
2011	RENA	Container	Swedish	37209	1,366	350,000,000	304,300,405
2011	COSTA CONCORDIA	Cruise Ship	Standard	114147		1,169,256,988	944,630,508
2012	BARELI	Container	Gard	35881	1,397	95,022,816	53,916,284
<b>TOTAL</b>						<b>3,129,917,887</b>	<b>2,561,206,283</b>



# FOCUS OF THE REVIEW

- Key factors identified:
  - Physical Factors - Location / Water depth / Wreck situation / Response equipment and mobilisation / Weather
  - Contractual arrangements – Contract forms used
  - Performance of Salvage teams and SCR's in attendance
  - Bunker Removal – quantities removed, time taken and cost analysis
  - Incidents involving loss of containers – particular consequences
  - Impact of Government / other authority intervention and/or interference in operations



# PHYSICAL CRITERIA

- Location
- Water Depth
- Wreck Situation (Hazard to Navigation)
- Response Equipment - Proximity
- Weather
- = Fortuity



“TRICOLOR” – 14 December 2002

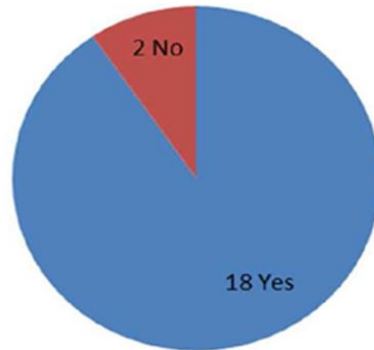


# WEATHER IMPACT

## Weather

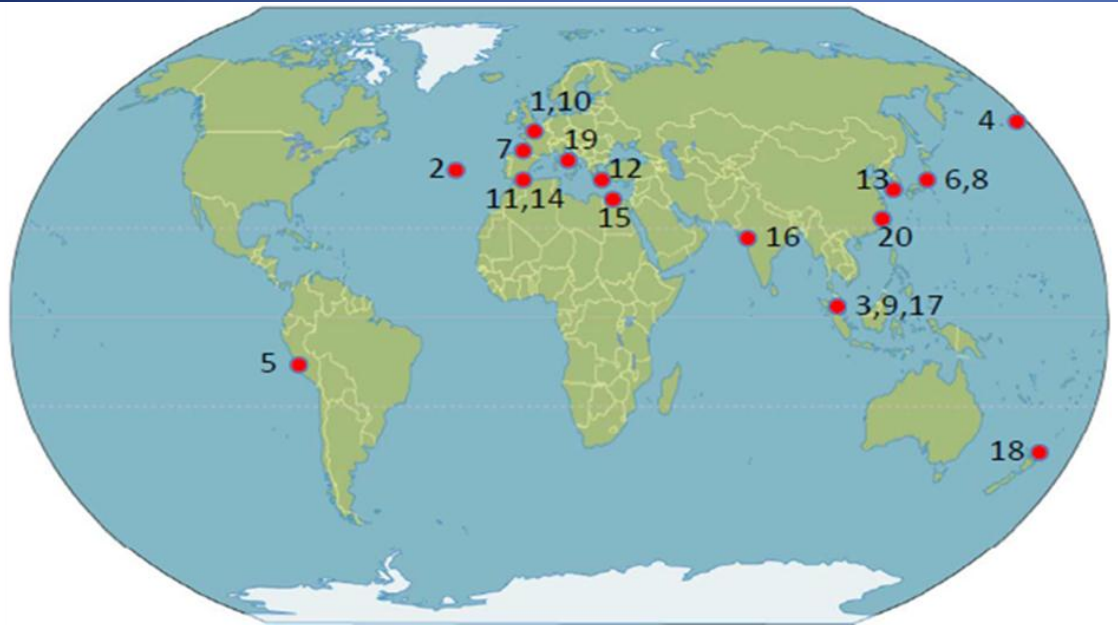
Were ROW operations impacted by weather/swell/tide conditions?

■ Yes ■ No





# LOCATION OF CASUALTIES



1	TRICOLOR	6	OCEAN VICTORY	11	NEW FLAME	16	MSC CHITRA
2	CP VALOR	7	ROKIA DELMAS	12	SEA DIAMOND	17	B OCEANIA
3	HYUNDAI 105	8	GIANT STEP	13	EASTERN BRIGHT	18	RENA
4	SELENDANG AYU	9	CALIFORNIA	14	FEDRA	19	COSTA CONCORDIA
5	TWIN STAR	10	MSC NAPOLI	15	JOLLY AMARANTO	20	BARELI



# LOCATION OF **HEAVY SALVAGE** AND **PORTABLE SALVAGE** EQUIPMENT



# CONTRACTUAL ARRANGEMENTS



- Bunker Removal (Interim Contracts generally)

- Wreck Removal Contracts

- Bonus and Penalty Provisions
  - (carrot and stick approach)



- The Importance of Planning



# EXPERT COMPETENCE

- Salvors
- Salvage Masters
- Wreck Consultants
- SCRs



- Clubs and their Correspondents
- Need for Innovation
- Availability



# FOCUS ON BUNKER REMOVAL

- Quantities Removed
- Role of Authorities
- Role of Contractors
- Role of SCR's
- Role of Club Correspondents



# CONTAINER VESSEL INCIDENTS: PARTICULAR CONSEQUENCES

- Container Retrieval and Removal: Technical Difficulties
- Disposal Ashore – Recycling and Disposal Issues

“MSC NAPOLI” – 18 January 2007

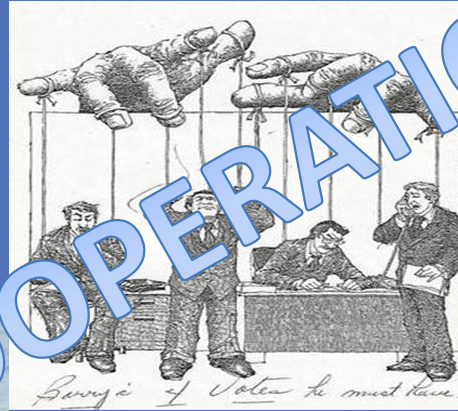


“MSC CHITRA” – 7 October 2010



# INVOLVEMENT OF STATE LOCAL AND PORT AUTHORITIES

INTERVENTION?

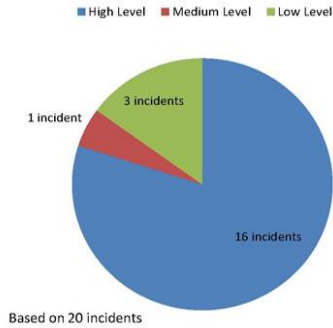


INTERFERENCE?

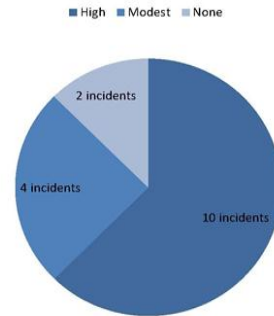


# EXTENT OF GOVERNMENT AUTHORITY INTERVENTION

**Extent of Government/other authority intervention**



**Level of additional associated cost (High level intervention)**



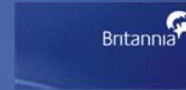


# OUTREACH PROGRAMME

## IMO / EMSA / OTHER STATE AUTHORITIES



The International Group of P&I Clubs



The London Steam-Ship Owners' Mutual Insurance Association



IUMI  
London  
2013



September 15-18

# ROLE OF CLUB CORRESPONDENTS

**THE IG**



**NEEDS**

**YOU!**

**IUMI**  
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# LEGAL CHALLENGE



# CONCLUSION



**NEED FOR MORE EFFECTIVE LIAISON BETWEEN  
ALL COMPETING INTERESTS**



# THANK YOU



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# IUMI London 2013

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