

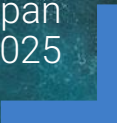


Preparing for the 2010 HNS Convention and its implications for stakeholders and the IOPC Fund



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Role of IOPC Funds

April 2010

Adoption of the 2010 HNS Protocol

Resolution 1 of the International Conference requests the 1992 Fund Assembly to instruct the IOPC Funds to carry out tasks necessary to set up the HNS Fund

October 2010

1992 Fund Assembly instructed the Director

To carry out the administrative tasks for setting up the HNS Fund

To give all necessary assistance to IMO

To make preparations for the first Assembly of the HNS Fund

What is the HNS Fund ?

- New Intergovernmental organization modelled on the IOPC Funds
- Governed by an Assembly composed of all member States
- Assessment and payment of claims in cases where:
 - Shipowner's liability is insufficient
 - Shipowner is exonerated or financially incapable of paying
- Oversees the reporting and contribution system which finances 2nd tier of compensation





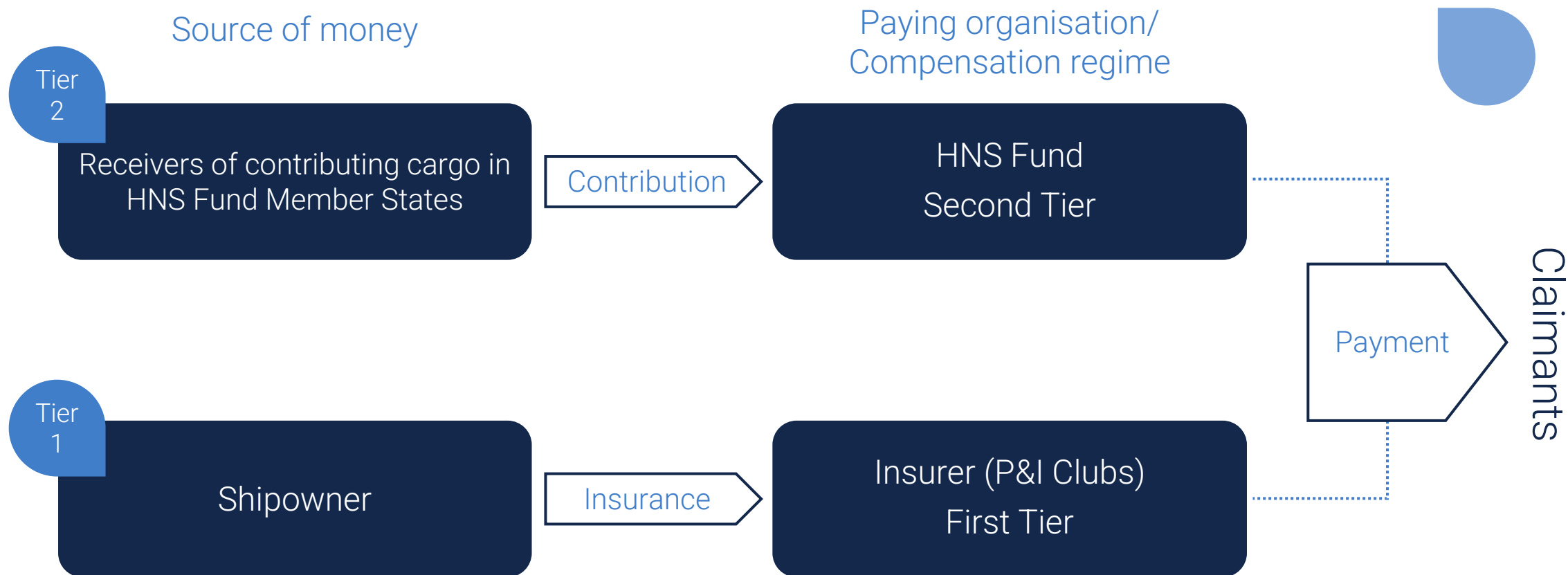
Setting up the HNS Fund

Principal tasks

- Ensure proper financing of the 2nd tier
- Prepare for the 1st HNS Fund Assembly meeting
- Identify unresolved policy questions related to claims and contributions
- Cooperate with P&I Clubs, industry and governments
- Support States to become parties

Financing the system

Two tier system



What is contributing cargo?

Any bulk HNS which is carried by sea as cargo to a port or terminal in the territory of a State Party and discharged in that State

Article 1.10 of the HNS Convention

Packaged HNS
is not considered
contributing cargo

Transit cargo is
not considered
contributing cargo



HNS finder - to identify contributing cargo

<https://www.hnsconvention.org/hns-finder/>



Transport mode

All contributions

All accounts

All classifications

UPDATE

NAME	UN NO.	TRANSPORT MODE	CONTRIBUTIONS			HNS CLASSIFICATION						
			CONTRIBUTING	ACCOUNT	SECTOR	I	II	III	IV	V	VI	VII
1,1-Dimethylethyl alcohol		Bulk	✓	General	Other HNS		✓	✓			✓	
2-Chloroethyl alcohol	1135	Packaged	✗	General	Other HNS				✓			
2-Chloroethyl alcohol		Bulk	✓	General	Other HNS		✓	✓			✓	
beta-Chloroethyl alcohol		Bulk	✓	General	Other HNS		✓	✓			✓	
Bio-fuel blends of Gasoline and Ethyl alcohol (>25% but <99% by volume)		Bulk	✓	General	Oil							
Blend of Ethyl alcohol with 75% or more of petroleum oil or energy-rich fuel		Bulk	✓	Oil	Not petroleum							
ETHYL ALCOHOL	1170	Packaged	✗	General	Other HNS				✓			
ETHYL ALCOHOL		Bulk	✓	General	Other HNS		✓				✓	

☒ Include synonyms

SAVE SEARCH RESULTS AS .CSV

Four Accounts

HNS Fund

Each account will meet the cost of compensation payments (no cross-subsidization)

Each account activated when the total quantity of contributing cargo reaches the required threshold

01

(bulk solid sector & other HNS sector)

General
Account

02

Oil
Account
(persistent and non persistent)

03

LNG
Account

04

LPG
Account



Who is the Receiver?

Receivers finance the HNS Fund

Physical receiver of contributing cargo after sea transport in a Member State, in a calendar year, in quantities above the threshold specified in the Convention

Specifics where:



Physical receiver of HNS on behalf of a third party, designates third party as the receiver (Agent / Principal concept)



For LNG, annual contribution is made by the receiver or by the titleholder, if it has agreed to it



Reporting Thresholds

	Threshold per contributor for contribution
General Account - Bulk solids - Other HNS	20 000 tonnes
Oil Account - Persistent oil - Non-persistent oil	150 000 tonnes 20 000 tonnes
LPG Account	20 000 tonnes
LNG Account	No minimum

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Receiver Model Reporting Form
To be submitted to the designated national authority

COMPANY _____
STATE _____ YEAR _____

As defined on pages 3 and 4, or use the HNS Finder at hnsfinder.imo.org/Finders/FindersOnline.asp

Account	Quantity (metric tonnes)
General	
Bulk solids	
Other HNS*	
Total	0
Oil	
Persistent oil	
Non-Persistent oil	
Total	0
LNG**	
Total	
LPG***	
Total	

*Defined under Article 5 of the 2010 HNS Protocol (see page 6)
**Qualified natural gases of light hydrocarbons with methane as the main constituent
***Qualified petroleum gases of light hydrocarbons with propane and butane as the main constituents

NOTES:

- While there is no reporting requirement for HNS transported in packaged form, compensation for incidents involving them will be covered under the Convention.
- Contribution is levied only in case of an incident.

SIGNATURE OF COMPANY OFFICIAL

Signature _____ Date _____
Name _____
Title _____
Address _____
Phone _____ Fax _____
E-Mail _____

SEAL

— Page 1 for Receiver Use —

Requirements to report to HNS Fund:

Name and address of receivers, quantities of cargo received by each of them

Recommended Option

Streamlined reporting through Physical receiver



Physical Receiver

Person who physically receive the HNS cargo at the terminal / port

Reporting is straightforward as the receiver is clearly identified

Benefits

- ✓ Streamline the process
- ✓ Reduce complexity
- ✓ Improve accuracy
- ✓ Promote compliance

Reporting to HNS Fund

Before and after entry into force

Before entry into force

One compiled report
on contributing cargo
when depositing
ratification/accession
instrument to IMO

Report every year
thereafter until entry
into force

After entry into force

All reports on
contributing cargo
from contributors to
be submitted to
HNS Fund

HNS Fund Assembly
to adopt internal
regulations to
implement full
reporting and
contribution system

Consequences for not reporting

Each State Party shall ensure that any person liable to pay contributions [...] appears on a list to be established and kept up to date by the Director [of the HNS Fund].

Failure by a State Party to report:



If it results in a financial loss for the HNS Fund, that State Party is liable to compensate the HNS Fund.



No compensation shall be paid for any incident in a Contracting State that does not submit its HNS reports (Article 21*bis*)



A Contracting State which has failed to submit contributing cargo may be temporarily suspended from the 2010 HNS Convention (Article 45.7)



Ensuring treaty-compliant reporting



Reports are missing, inaccurate or incomplete



Inconsistent approach to what constitutes contributing cargo



Inconsistent national reporting processes



Convention includes built in penalties, unlike the 1992 Fund Convention.



HNS Fund Assembly to agree outstanding policy questions



Audit scheme to share best practices and support States with proper implementation

Tools to assist

www.hnsconvention.org



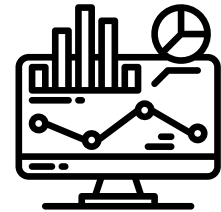
Reporting form
for States and
contributors



HNS Finder
to identify
contributing cargo



**HNS
contributing
cargo reporting
guidelines**



**HNS on-
line reporting
platform**
(under development)

Levying Contributions

Similar to the process for oil in the 1992 Fund

In practice, 4 accounts create 4 different funds

Contributions fund the Secretariat and compensation for incidents

HNS Fund Assembly will decide specifics regarding the amount and timing of levies



First HNS Fund Assembly

Primary tasks

- Confirm the location of the HNS Fund
- Appoint a Director
- Review and approve rules of procedure and internal and financial regulations
- Set budget and initial contributions
- Appoint auditors
- Establish a committee on claims compensation
- Adopt claims manual
- Instruct the Director regarding the administration of the HNS Fund





Benefits of early adoption

Compensation in the event of an incident

Ability to influence policy direction on claims and contributions

Input on budget and initial contributions

Guide and direct the governance of a new IGO



Questions?



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