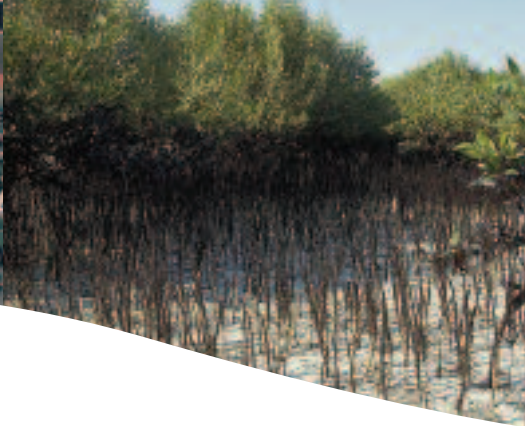


The background of the entire page is a close-up photograph of water ripples. The water is a deep blue color, and the ripples create a complex, textured pattern of light and dark blue tones. The ripples are concentric and spread across the entire frame, giving a sense of movement and depth.

International Oil Pollution Compensation Funds

March 2006 Edition



The International Oil Pollution Compensation Funds

The International Oil Pollution Compensation Funds (IOPC Funds) are three intergovernmental organisations established by States (the 1971 Fund, the 1992 Fund and the Supplementary Fund) that provide compensation for victims of oil pollution damage caused by spills of persistent oil from tankers.

Member States of the 1992 Fund

Algeria	Lithuania
Angola	Madagascar
Antigua and Barbuda	Malaysia
Argentina	Malta
Australia	Marshall Islands
Bahamas	Mauritius
Bahrain	Mexico
Barbados*	Monaco
Belgium	Morocco
Belize	Mozambique
Brunei Darussalam	Namibia
Cambodia	Netherlands
Cameroon	New Zealand
Canada	Nigeria
Cape Verde	Norway
China (Hong Kong Special Administrative Region)	Oman
Colombia	Panama
Comoros	Papua New Guinea
Congo	Philippines
Croatia*	Poland
Cyprus	Portugal
Denmark	Qatar
Djibouti	Republic of Korea
Dominica	Russian Federation
Dominican Republic	Saint Lucia
Estonia	Saint Vincent and the Grenadines
Fiji	Samoa
Finland	Seychelles
France	Sierra Leone
Gabon	Singapore
Georgia	Slovenia
Germany	South Africa
Ghana	Spain
Greece	Sri Lanka
Grenada	Sweden
Guinea	Tonga
Iceland	Trinidad and Tobago
India	Tunisia
Ireland	Turkey
Israel	Tuvalu
Italy	United Arab Emirates
Jamaica	United Kingdom
Japan	United Republic of Tanzania
Kenya	Uruguay
Latvia	Vanuatu
Liberia	Venezuela

The International Regime

The legal framework

The international regime of compensation for damage caused by oil pollution is currently based on two international conventions: the 1992 Civil Liability Convention and the 1992 Fund Convention. These Conventions were adopted under the auspices of the International Maritime Organization (IMO), a specialised agency of the United Nations.

The 1992 Civil Liability Convention provides a first tier of compensation which is paid by the owner of a ship which causes pollution damage.

The 1992 Fund Convention provides a second tier of compensation which is financed by receivers of oil in States Parties to the Convention after sea transport. The 1992 Fund was set up in 1996 when the 1992 Fund Convention entered into force.

An earlier Fund, the 1971 Fund, still exists but is in the process of being wound up and does not cover incidents occurring after 24 May 2002.

A Protocol to the 1992 Fund Convention adopted in 2003, the Supplementary Fund Protocol, provides an extra layer of compensation via the Supplementary Fund, which was set up in March 2005. Membership of this Fund is open to any State that is a Member of the 1992 Fund.

States which ratify these legal instruments must implement them into their national law.

The great majority of maritime States are members of the IOPC Funds

On 1 March 2006, the 1992 Fund had 92 Member States, and a further six States will become Members by the end of 2006. In addition, 16 States have already ratified the Supplementary Fund Protocol.

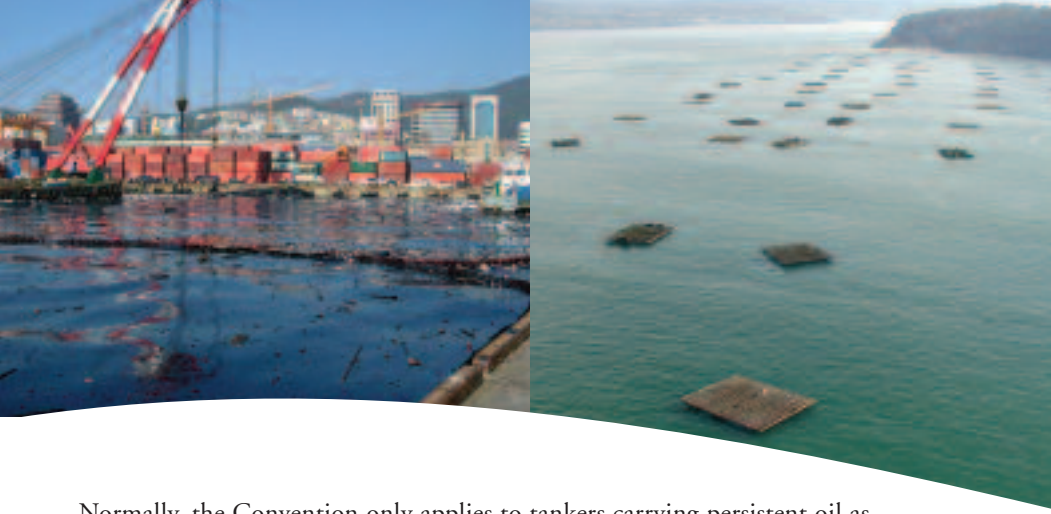
The shipowner has strict liability

Under the 1992 Civil Liability Convention, the shipowner has strict liability for any damage by pollution caused by the oil, ie 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 his financial liability to an amount that is determined by the tonnage of the ship. This amount is guaranteed by the shipowner's liability insurer.

The following States will become Members of the 1992 Fund by the end of 2006

Saint Kitts and Nevis	2 March 2006
Maldives	20 May 2006
Albania	30 June 2006
Switzerland	10 October 2006
Bulgaria	18 November 2006
Luxembourg	21 November 2006

States marked in bold have ratified the Supplementary Fund Protocol and are either already Members of the Supplementary Fund or, if marked with an asterisk, will become so by the end of May 2006.



Normally, the Convention only applies to tankers carrying persistent oil as cargo. However, under certain circumstances, the Convention also applies to spills from unladen tankers.

The role of the IOPC Funds

The 1992 Fund and, if applicable, the Supplementary Fund provide additional compensation when the amount payable by the shipowner and his insurer is insufficient to cover all of the damage.

Amount of compensation available

The maximum amounts of compensation payable by the shipowner's insurer and the IOPC Funds were fixed by Governments at the Diplomatic Conferences that adopted the relevant international treaties. At present, the maximum amount payable for each incident is 203 million Special Drawing Rights (SDR) of the International Monetary Fund, equal to about US\$290 million, for incidents covered by the 1992 Fund and 750 million SDR (about US\$1 100 million) for incidents which are also covered by the Supplementary Fund.

Since their establishment, the 1992 Fund and the preceding 1971 Fund have been involved in some 135 incidents of varying sizes all over the world. In the great majority of cases, all claims have been settled out of court. Compensation payments made to date total over US\$900 million. No incidents have occurred so far which have involved or are likely to involve the Supplementary Fund.

Damage covered by the Conventions

Anyone in a Member State of the 1992 Fund who has suffered pollution damage caused by oil transported by a tanker can claim compensation from the shipowner/insurer, the 1992 Fund and, if applicable, the Supplementary Fund. This applies to individuals, businesses, local authorities and States.

To be entitled to compensation, the damage must result from oil pollution and have caused a quantifiable economic loss. The claimant must be able to show the amount of his 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 damage:

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

Claims against the 1992 Fund are assessed according to criteria established by representatives of 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.

Structure of the IOPC Funds

The 1992 Fund is governed by an Assembly composed of representatives of the Governments of all its Member States. The Assembly holds an ordinary session once a year. It elects an Executive Committee made up of 15 Member States. The main function of the Executive Committee is to approve the settlement of claims for compensation.

The Supplementary Fund has its own Assembly which is composed of all States that are Members of that Fund whereas the 1971 Fund, which is in the process of being wound up, has an Administrative Council which is composed of all former Member States.

Organisations connected with the maritime transport of oil, such as those representing shipowners, marine insurers and the oil industry, as well as environmental organisations, are represented as observers at the IOPC Funds' meetings. Decisions by the IOPC Funds' governing bodies are, however, taken solely by the representatives of the Governments of the Member States.

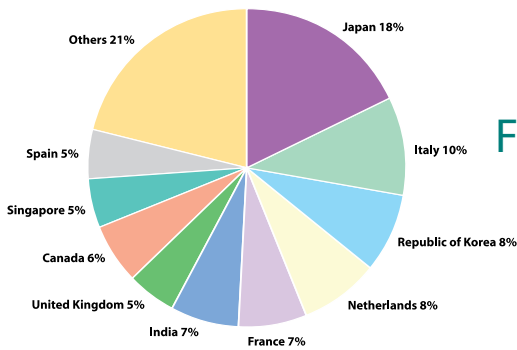
The 1992 Fund Assembly appoints the Director of the IOPC Funds, who is responsible for the operation of the three Funds and has extensive authority to take decisions regarding the settlement of claims. The Funds have their headquarters in London and are administered by a joint Secretariat.





In a number of major incidents, the IOPC Funds and the shipowner's insurer have cooperated in establishing a local claims office in the country where the oil spill occurred. This has facilitated the handling of the large number of claims.

Depending on the nature of the claims, the IOPC Funds use experts in different fields to assist in the assessment of claims.



Main oil industries contributing to the 1992 Fund

Financing of the IOPC Funds

The IOPC Funds are financed by contributions paid by any person or organisation, whether privately or publicly owned, who has received during the preceding calendar year more than 150 000 tonnes of crude oil or heavy fuel-oil in a Member State after sea transport. The contributors are generally oil companies.

Contributions are only levied to cover the administrative expenses of the Funds and to enable the Funds to pay compensation for specific incidents. The amounts to be levied vary from year to year and are decided each year by the governing bodies. The amount to be paid by each contributor depends on the quantity of oil received.

The Japanese oil industry is by far the main contributor with around 18% of the total contributions. The oil industries of the following countries are also major contributors: Italy (10%), Republic of Korea (8%), Netherlands (8%), France (7%), India (7%), Canada (6%), United Kingdom (5%), Singapore (5%) and Spain (5%).

External relations

In addition to cooperating closely with other intergovernmental and non-governmental organisations, the Director and staff of the IOPC Funds regularly participate in seminars, conferences and workshops around the world in order to disseminate information on the Funds' activities and to promote awareness of the international compensation regime.



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