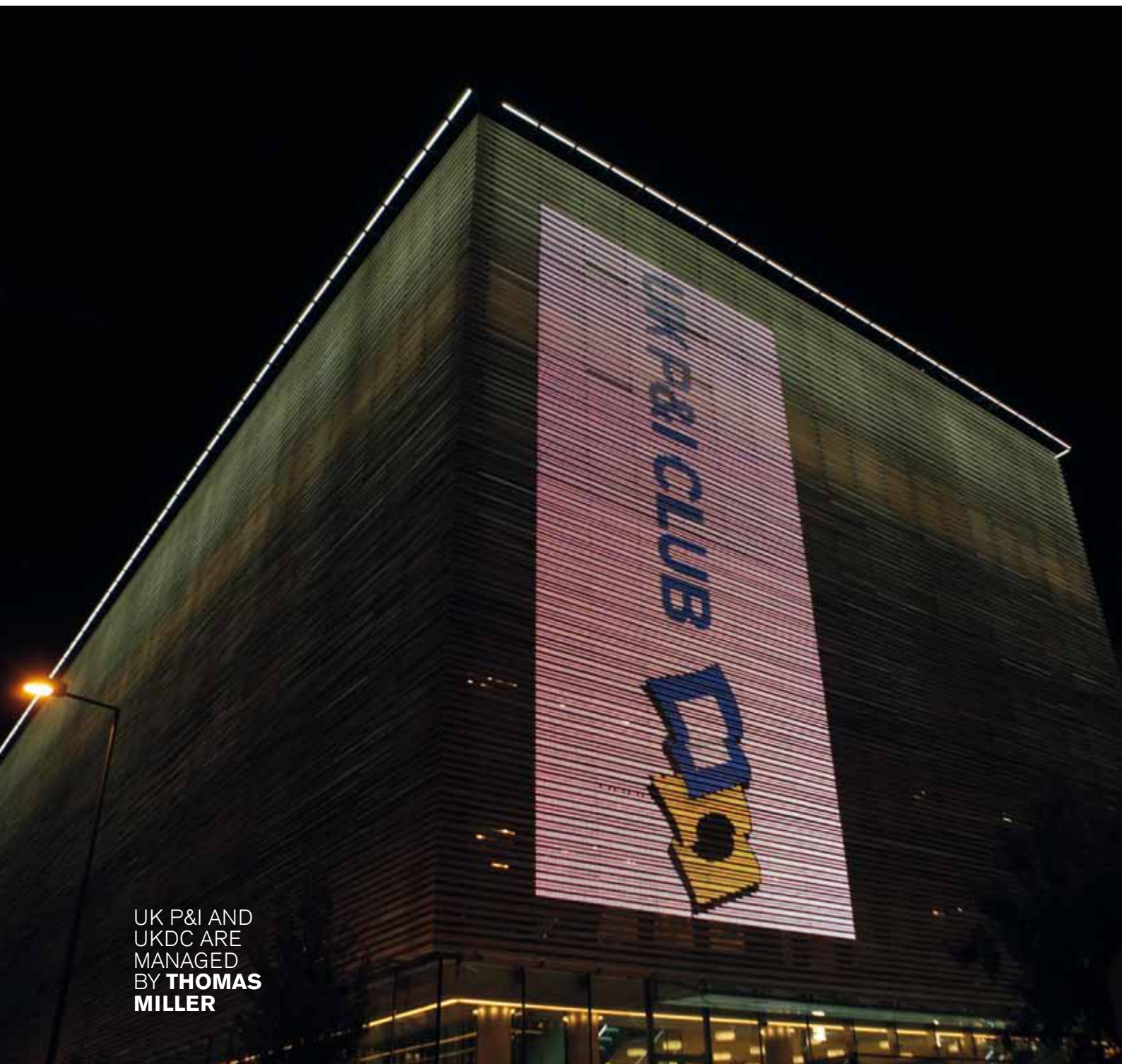


# Hellas HiLights

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UK P&I AND  
UKDC ARE  
MANAGED  
BY **THOMAS  
MILLER**

# UK P&I Club

## financial highlights

*At the UK P&I Club's Directors' meeting in Athens on 17th October, 2011 it was agreed that the premium rating of all Members will be increased by three per cent from 20th February 2012.*

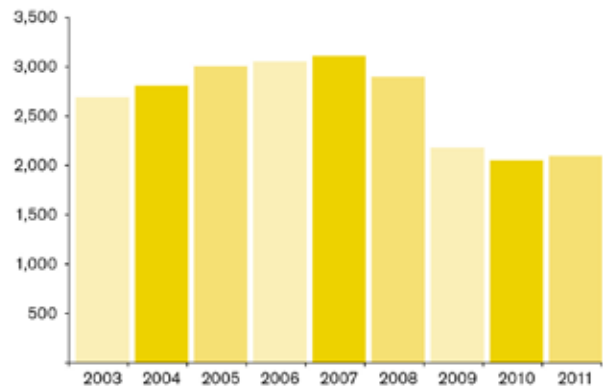
This decision was taken in response to continuing underlying claims inflation. The 2011 policy year has started well with low claims frequency, however, although the frequency of claims has reduced significantly in 2009, 2010 and 2011, the average cost per claim has continued to increase over this period. The Board was determined to strike a balance between ensuring the Club's premium does not fall behind claims inflation while at the same time doing all it could to limit the impact of the increase on the Members. Although we have been fortunate to enjoy lower claims numbers there is still an average inflation on P&I claims of around 5 per cent per annum.

The UK Club's total assets now stand at in excess of \$1.6 billion. Free reserves and hybrid capital have been built up to \$486 million, an \$8 million improvement on the position since 20th February, 2011 (\$478 million) equivalent to \$4.5 per ton. The Club's capital adequacy as measured by S&P's capital model is now in the AAA range. This further increase in the Club's capital base has been achieved whilst maintaining a consistent and prudent approach to claims reserving. Investment return for the half year to 20th August was \$14.5 million, equivalent to a 1.8 per cent return. The Club reduced portfolio risk in September, 2011 by reducing equities to 9 per cent of the portfolio and increasing fixed interest holdings to 72 per cent. Ninety-nine per cent of all bonds invested in by the Club are A grade or better. The Club is expecting to see its combined ratio below 100 per cent for the current year.

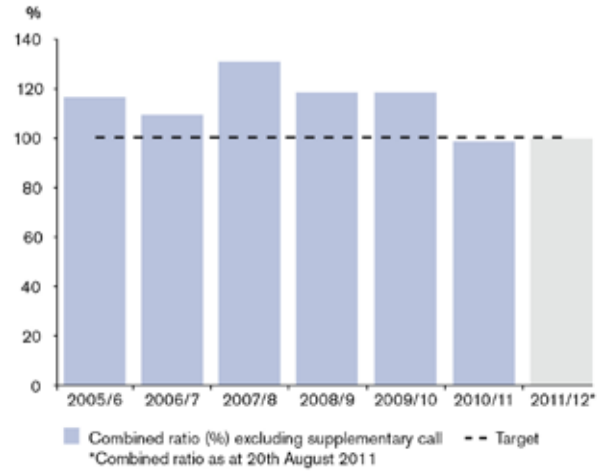




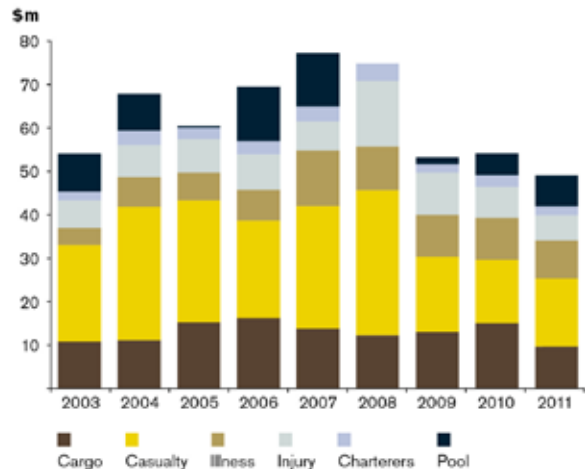
**Number of claims after 6 months**



**Combined ratio for financial years 2006-2012**



**Net notified claims at 6 months for policy years 2003 - 2011 (\$m)**



## UK P&I Club reception

*On the evening of Monday 17th October, 2011, following the UK P&I Club Athens Board Meeting, the Club hosted a reception on the 7th floor roof terrace of the Onassis Cultural Centre on Syngrou Avenue. Whilst the Onassis Cultural Centre has been open for a while this was the first event to be held on the roof terrace.*

The venue proved to be splendid with the backdrop of the floodlit Acropolis and the Athens skyline. As can be seen from the front cover the UK Club's logo emblazoned the front of the building.

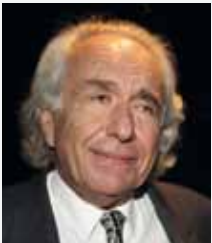
About 250 guests, including many of the Club's Board Directors and their wives, braved the chilly evening although the 6th floor was also available to those who found the temperature a little too cool.

The Centre hosts events across the whole spectrum of the arts from, theatre, dance, music and the visual arts to the written word and two short tours of the building were organised to visit the main state of the art theatre which seats about 900 people.

The Club's Chairman, Dino Caroussis, reported on the decisions made by the Directors at the Board meeting of which you can read more in the article on page 2.

Many of the guests stayed on until after midnight and were serenaded by a string quartet providing some background classical music. The evening proved to be one of the best events we have ever held and thanks must go to all the Thomas Miller (Hellas) Ltd. team for their efforts.







## A Trip to Greece

– Chris Gimson Deputy Underwriter

*In recent years I have been fortunate enough to travel to Athens and have had the pleasure of meeting many of our Members and Brokers whom I frequently deal with. This summer was slightly different in that I was presented with an opportunity for a two week “Greek immersion”. The idea was that, with the kind assistance of Members, Brokers and H1, I would further develop my understanding and appreciation of the Greek Shipping and Insurance markets.*

To give you a little background on myself, I started work for Thomas Miller in August, 2005 supporting the P&I and Defence Underwriters in servicing the Clubs’ Greek membership. I am pleased to say that I have now progressed to a Deputy Underwriter position working under the guidance of Paul Collier and Mark Mathews. In addition to this, I am also now splitting my time between the Greek and Singaporean markets which provides an exciting contrast to the role.

My two week stay in Athens commenced the first week of July. I had pre-arranged with a number of Members to spend a day at their office. These extended visits allowed me to see first hand the structure and operational activities undertaken by a shipping company. I am obviously very grateful to the Members who allowed me to sit in various departments

getting a feel for the different functions and roles that exist within each department. All in all, I gained excellent insight into the communication that is needed between all parties to keep a ship operating smoothly as well as seeing where insurance fits into the bigger picture.

I also circulated among the local broking community. With some it was a great opportunity for me to introduce myself to those who I didn’t already know. Others I already knew I got to know better. Again, I managed a few extended visits at brokerage offices allowing me to develop my understanding of the role of an Insurance Broker in more depth, not only from a P&I and Defence perspective but also in terms of Hull and Machinery, IV, K&R and other insurance products. I would say that I have now cemented my understanding of what the community expects from its P&I and



Defence Clubs. It was also a chance to gauge the perception of the UK P&I and Defence Clubs in the market.

All of you will also be pleased to hear that I did make it out into the Greek sunshine on a couple of occasions and, believe it or not, I may have even been seen without a tie from time to time!

Apart from Members and brokers, our local correspondent (Shipserv) was on hand to take me on what proved to be a very educational tour of the Piraeus container terminal, which also encompassed taking a look at the current expansion plans for the port. My trip also coincided with a visit from one of our P&I Ship Inspectors, Captain David Wright. So I took the opportunity to attend a routine ship inspection with him. I have to admit that, although it was useful to see some of the darker corners of a ship, after the rather late night I had enjoyed the evening before, the morning spent in the engine room was somewhat of a struggle! Other highlights included an afternoon tour of Scaramangas Shipyard and a visit to the beautifully restored “Hellas Liberty” museum, a key piece of history in the post-WWII expansion of Greek Shipping. If you haven’t been already, it’s definitely worth going to see.

I was also able to spend some time with H1 developing my understanding of claims handling and the crucial role the local office plays in providing the highest level of service to our Members.

I’d just like to say a final “thank you” to all of those who were so generous with their time during my stay - including Members, Brokers, and all my H1 colleagues. Not only did you put together a full and varied schedule for me, but you also made me feel extremely welcome for the duration of my stay. The two week program provided me with an excellent overview of the Greek market and also allowed me to develop some deeper experience in a few key areas, something I hope to continue to develop over the course of my career with the UK P&I and UK Defence Clubs.



## **Bunkers: the legal, the technical and the practical.**



**A full-scale review of bunker-related issues formed the basis for this year's UK Defence Club seminar – “Bunkers: the legal, the technical and the practical” – held in the Galaxy Room of the Athens Hilton on Thursday 6th October. The event was very well supported by the H1 membership who heard from Alexandra Couvadelli, Marc Jackson and Rod Lingard of H1.**

Alexandra summarised the legal issues by focusing on the ownership of the bunkers, the legal nature of the charterer's liability, how to evaluate “fitness for purpose” and how bunker supply contracts may affect a shipowner's position.

Marc led the audience through several examples of the sorts of claims that can arise,

ranging from the discovery that the stemmed bunkers are off spec, when the ship's manifold samples are tested, to incidents where the samples tested are on spec but engine problems arise at a later stage.

Rod drew on his Mariner's experience to remind listeners about the virtues of meticulous record keeping and of diligent





practice in gathering evidence. In this type of dispute more than almost any other, the quality of the evidence is key.

Our guest speaker was marine engineer and bunker expert Chris Fisher of Brookes Bell Jarrett Kirman who spoke primarily about technical issues. Chris has been the stand out forensic expert on fuel in the marine field for almost a decade. His instructive talk was unusual in that it managed to get across even relatively complex points in a manner that was easy to understand for those among us with little more than the most basic technical knowledge and yet also hold the attention of the more technically-minded in the audience. Chris addressed, among other

issues, current regulation, emissions, quality, correct sampling procedures and on-board fuel management practices.

We are grateful to all the speakers while our thanks also go to Nick Milner, who kept the programme ticking over, and to Marinella Makarona in the office who assisted everyone to prepare their slides.

The papers prepared for the seminar became the foundation for the UK Defence Club publication "Bunkers: a guide to quality and quantity claims". A copy of this can be found on the Club website: [www.ukdefence.com](http://www.ukdefence.com) however please do not hesitate to contact us if you would like a paper copy.



## Retirement of Luke Readman

*Luke Readman retired in July, 2011 after nearly 40 years working for Thomas Miller, spent almost entirely with the UK P&I Club, latterly as Chairman of Thomas Miller P&I Ltd.*

A barrister by training, having read Classics at Oxford, Luke joined Thomas Miller in 1971, became a partner in 1982, and has been on the Thomas Miller Holdings Board since 2004.

Luke became renowned in the industry as an oil pollution specialist after handling major claims for the UK P&I Club such as the HAVEN and in 1996, following the EXXON VALDEZ oil spill, he was largely responsible for the formation of SIGCo to provide the Certificates of Financial Responsibility required under the US Oil Pollution Act of 1990.

From an early stage, Luke was heavily involved with the Club's business in Asia, starting in Japan where he was instrumental in setting up the first overseas branch of the UK P&I Club in 1989. He pioneered the development of P&I business in mainland China during the early 1980s and ensured that the Club was one of the main providers of P&I cover to the national merchant marine fleet, China

Ocean Shipping Co Group (COSCO). In addition to his UK P&I Club role Luke has made a major contribution to the P&I world through his activities for the industry within the International Group of P&I Clubs.

As well as working in P&I, Luke also spent some time in Thomas Miller's Professional Indemnity division in the late 1990s but he returned to P&I in 2001. He was subsequently appointed Chairman of Thomas Miller P&I Ltd. in 2004 and, having led the P&I management team continuously since then, he has now handed over leadership to Hugo Wynn-Williams ably supported by Nigel Carden.

Since becoming Chairman Luke has been a regular visitor to Greece and on 1st and 2nd June, 2011 two dinners were arranged in Athens to allow local colleagues and friends to congratulate Luke on his well earned retirement and to pass on their best wishes.

*As many of you will know, H1 periodically organises seminars on topical and relevant subjects. One seminar in the series concerned rice cargo and centred upon a presentation by Floris Menting, a Master Mariner and the senior cargo surveyor at CWA International, one of the leading marine consultancy firms. The talk was concise and to the point, covering general characteristics of rice, recurrent problems associated with its carriage and new developments in the trade. We thought it was worth summarising the points he made here in HiLights.*

# What to remember about rice

The Top-5 rice exporting countries reflect the global production centres - Thailand, Vietnam, China, India and Pakistan. Whilst Indonesia also produces a significant quantity, the vast majority of Indonesian production is consumed locally.

As a foodstuff, rice is delicate, hygroscopic and sensitive. It is generally shipped as a breakbulk cargo in two-ply polyurethane bags designed to be both durable and to keep moisture off the kernels. However, as any member who has carried rice will confirm, the trade is troublesome with the result that frequent and relatively large claims do occur.

Pilferage is probably the major cause of shortage claims relating to rice discharged in West Africa. However, the nature of the problem is such that it was not possible to address the issue in detail in the seminar. Apart from tallying the cargo, being vigilant and gathering evidence (whether in visual or written form), there are few specific precautionary measures a Carrier can take to protect its interest. Some ports suffer more from pilferage than others but it is, sadly, an endemic West African problem.

Insect infestation can also cause problems for which the appropriate preventative measure is fumigation after completion of loading.

From a cargo surveyor's perspective, the most serious causes of damage are water ingress - whether through the hatch covers, bilges or, as we saw in one case, the bosun leaving the door between his store and hold No 1 open - and condensation / sweat damage. Whilst improved ship quality, maintenance and good practice have combined to reduce the impact of the former, Mr Menting reports that condensation / sweating is still a problem.

## What to remember about rice

**There are four primary factors which will contribute to condensation and sweat damage:**

1. The loading temperature
2. Temperature variations during the contemplated voyage but particularly at the disport
3. Ventilation applied to the cargo
4. The stowage and separation material

**Therefore, Mr Menting suggested a few tips for avoiding sweat damage:**

- Ensure that the separation material, such as dunnage, is dry and adequate for the task (bamboo mats, for example, are not generally appropriate).
- Cargo should be adequately separated so as to permit effective ventilation. This means more corridors, a greater number of (but smaller) blocks of stowed bags.
- Carry out proper ventilation which is appropriate for the particular cargo, voyage and conditions.
- Keep a cargo log so as to maintain a dedicated record of all data relating to the cargo.

**Generally, to comply with his duty to care for the cargo, CWA suggest that the Master should:**

- Prepare well for the cargo to be carried - Check ventilation system, study the climate zones to be passed and consider all variables. Assistance can be sought from specialised, reliable, independent survey companies with local knowledge and bagged rice loading/carriage expertise.
- Avoid taking advice from tally firms. Even if they appear to “look the part”, they will probably not have sufficient knowledge to advise the Master on proper loading, stowage and carriage of rice. Crucially, an independent tally firm should be used at the loadport and disport. Avoid the temptation to instruct in conjunction with the Charterer, Shipper or Receiver.



## What to remember about rice

- Take draught survey at load and disports.
- Obtain an empty hold certificate at completion of discharge.
- Ensure that no cargo with a moisture content above 14% is loaded.
- Check the temperature at the loadport and make a note of it in a Cargo Log.
- Avoid loading “cold” and “warm” cargo in the same hold. If Charterers/Shippers are adamant, insist upon specific carrying/ventilation instructions.

### **How to prevent sweat damage on a cold cargo loaded in China destined for West Africa:**

- Try to ensure that the hold is filled with cargo that is homogenous in temperature terms (i.e. “cold only” or “warm only”)
- Do not open the hold and load additional cargo in a hot climate
- Do not ventilate
- Make sure the separation material used is dry and substantial enough.

### **Dewpoint Ventilation**

The basic rule is:

- Ventilate when the dewpoint temperature of the outside air is lower than the dewpoint temperature of the air inside the hold.
- Alternatively, use the three-degree rule and apply ventilation when the outside air is 3 degrees Celsius or more below the cargo temperature.



## Thomas Miller (Hellas) Karting Challenge 2011

*We all have the urge “to do something a bit different” sometimes, don’t we? That was the thought which inspired our Go-Karting night in September. We were not disappointed.*

The event attracted the full range of participants – “new, old and nearly-new”, girls and boys, experienced, keen and just plain old curious. Having overcome a transport strike and the whiff of a rain shower for the chance to whizz around the Vari Pista Kart track, octane levels in the group were high and our mood far from mechanical. While some let their driving do the talking on the track, others geared up for the next round of races, tried out the obligatory “disposable shower caps” (a great look!) or simply focused on making a pit stop for refuelling in the bar area. Tassos and the staff at the track kept us safe, warmed our tyres and provided lubrication when necessary.

In the world of mutual insurance everyone’s a winner, of course, but in Go-Karting things are not quite so

egalitarian. After starting 3rd on the grid in the testing 20-lap final the runaway champion on the night was Isidor “Kart King” Caroussis who took the chequered flag and with it the inaugural Thomas Miller (Hellas) Ltd Karting Challenge Cup. Well done!

Equally impressive was the manner in which the final of the hotly-contested plate competition was won by Pierre Issaris with a faultless display of front-running. Evie Masmata won the Ladies’ Race trophy and, by not actually driving at all, Kristiana Koustouros secured the Safest Driver Award in the form of UK Club furry dice!

**For those of you who couldn’t make it, don’t worry. You will get another chance next year. Look out for the Race Notice!**

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