



**IUMI CONFERENCE - PARIS**  
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**CMI CLASSIFICATION RULES**

**Presentation by Mr Jorgen STEFFENSEN**

## IUMI PARIS 1997

### COMITÉ MARITIME INTERNATIONAL

### JOINT WORKING GROUP ON STUDY OF ISSUES RE CLASSIFICATION

### SOCIETIES

by Joergen Steffensen, Vice president

### BACKGROUND

The JWG was formed in 1992 by the Executive Committee of CMI. The issues to be discussed all centred upon legal rights, duties and liabilities of Classification Societies and their relationship to clients.

The increasing frequency of claims against the Classification Societies as additional "deep pocket" defendants and the absence of specific and world-wide applicable regulations of liability and limitation were major points of inspiration for the JWG.

Such claims could endanger the future role and activities of Classification Societies at a time when they are asked to play an increasingly vital role in the promotion of maritime safety and environmental protection. A role which is also very important to us as Marine underwriters.

### THE WORK OF THE JWG

In the study the following organisations have taken part:

International Association of Classification Societies

International Chamber of Shipping

International Chamber of Commerce

- B. The JWG holds the view that the Classification Societies should be afforded protection under an international convention on Limitation of Liability but at the same time appreciates that this is a long-term possibility only.
- C. The JWG has produced a set of Model Contractual Clauses which regulate and limit the contractual liability of the Societies.

There are two parts.

One part deals with contracts between Classification Societies and Governments concerning statutory survey and certification work. As to liability and limitation these clauses state that the Classification Society "shall be subject to the same liabilities and be entitled to the same defences" as the Government itself.

The second part deals with classification of ships. According to these clauses the Classification Society is liable for acts or omissions which are in violation of the standard of reasonable care.

There is no liability for any indirect losses.

The liability for any single claim is limited to

- i) the fee multiplied by 10 or
- ii) 3,000.00 SDR

whichever is the greater. In other words : the liability limit is minimum 3,000,000 SDR.

## PRESENT STATUS

The conclusions of the JWG were discussed at the CMI meeting in June 1997. Most of the proposals were agreed upon except the issue of limitation of liability as expressed in the Model



## POSITION PAPER

### CMI PROPOSAL ON LIABILITY ISSUES IN RESPECT OF CLASSIFICATION SOCIETIES

#### GENERAL REMARKS

The initiative taken by CMI to discuss, evaluate and propose solutions to relevant issues pertaining to the liability of Classification Societies is most welcome to IUMI.

We as Marine Underwriters appreciate the need of Classification Societies to establish a uniform world wide accepted legal regime for the work they undertake under contract with governments or shipowners.

Classification Societies are vital actors in the Maritime Environment safeguarding the quality in marine transportation to the benefit of the world community at large. As Underwriters we cannot see better alternatives to their function.

This leads to the need to secure the role of Classification Societies but also to the need to secure the quality in the performance of the various tasks they undertake.

#### REMARKS RE STATUTORY WORK

We note that the intended aim is that statutory work performed by Classification Societies should be subject to the same liabilities and be entitled to the same defences as would apply to the relevant government administration.

Although this solution may lead to substantial differences from country to country we do not see alternatives to this basis. Since Underwriters are not involved in the internal arrangements between the Classification Societies and the Governments they are acting for, IUMI does not comment on the actual drafting of the proposed Model Clauses by the Working Group.

#### REMARKS RE CLASSIFICATION

As to the limitation of liability towards the Shipowner we have noted the differences in opinion of the various parties.

Since this of course is a contractual matter to be agreed upon between the Classification Society and the Client, i.e. the Shipowner, IUMI does not intervene in this contractual relationship of which third parties are not bound nor allowed to interfere.



We note that no limitation is sought in respect of claims from third parties and that there is no intention of including an indemnification clause in the contract with the Shipowner.

As Underwriters, for Cargo as well as Hull Insurance, we welcome this attitude being in accordance with regulations and/or practice for on-land activities.

**REMARKS RE PRINCIPLES OF CONDUCT**

IUMI welcomes the initiative to define in form of Principles of Conduct the reasonable expectation the commercial world at large has towards the Classification Societies and hopes that those Principles will enhance the level of performance by following and adhering to a number of principles of conduct and organisation. At the same time the Principles might be used by the Classification Societies as a sort of "shield" against unreasonable "deep-pocket" claims by proving adherence to the standards of "reasonable care" / "bonus pater familias".

Jorgen Steffensen  
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May 1997