

# THE REVISION OF BIMCO'S WRECK REMOVAL CONTRACTS

BIMCO SUBCOMMITTEE

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SALVAGE & WRECK 2023

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LONDON, UK

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06 DECEMBER, 2023

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# PLANNING

## WRECK CONTRACTS:

- Andrew Chamberlain      Introduction
- Grant Hunter              Bimco
- Richard Janssen          Subcommittee Chair
- Andreas Øgrey            P&I Perspective
- Richard Gunn             Contractor's Perspective
- Andrew C / Panel        Discussion
- Q&A



# BACKGROUND

## COSTLY WRECK REMOVALS:

- 2000-2012
- Barelli
- Rena
- Costa Concordia
- Kea Trader
- Golden Ray
- Wakashio
- Xpress Pearl

LLOYD'S

THE CHALLENGES AND  
IMPLICATIONS OF REMOVING  
SHIPWRECKS IN THE  
21ST CENTURY





# BACKGROUND

## IG P&I MARKET REPORT: LARGE CASUALTY WORKING GROUP (LCWG)

### ■ LESSONS LEARNED

- CLAIMS HANDLING (INTERNAL)
- EXTERNAL LIAISON WITH STATES AND OTHER AUTHORITIES

### ■ THE “OUTREACH PROGRAMME”

### ■ WHERE ARE WE NOW?

- CONTINUATION OF LARGE CASUALTY REVIEW – 6 MORE CASES BETWEEN 2012 AND 2014
- BETTER REFINED RISK ASSESSMENT TECHNIQUES → MORE STABLE PRICING
- “OUTREACH PROGRAMME” 2 YEARS ON



# BACKGROUND

## REVIEW: KEY OUTCOMES / KEY ISSUES IN CLUBS MINIMISING THE COST OF WRECK REMOVAL



- The Importance of Planning
- Wreck Removal Contracts
- Communication
- Liaison with Authorities
- Bunker Removal and Transitional Contracts

## PERSPECTIVES



# BACKGROUND

## OTHER OPTIONS:

- Consider transparency / company provided information
- Review tender process / pre-qualification & time to bid
- Review roles of parties during execution process
- Consider project controls
- Formalised reporting
- Review (and define?) level of required skills and experience in project management of claims manager and client rep.
- Accept that wreck removal is a dynamic process
- Make use of available experience within IG for “2<sup>nd</sup> opinion”



# WAY FORWARD

## MAIN ACTIONS:

- |  |                             |
|--|-----------------------------|
| ■ Outreach program IG                          | Executed                    |
| ■ Introduction of QRA                          | Guidance notes produced     |
| ■ Revision of BIMCO suite of wreck contracts   | Subcommittee review process |
| ■ Code of Practice for Wreck Removal Tendering | Next step                   |



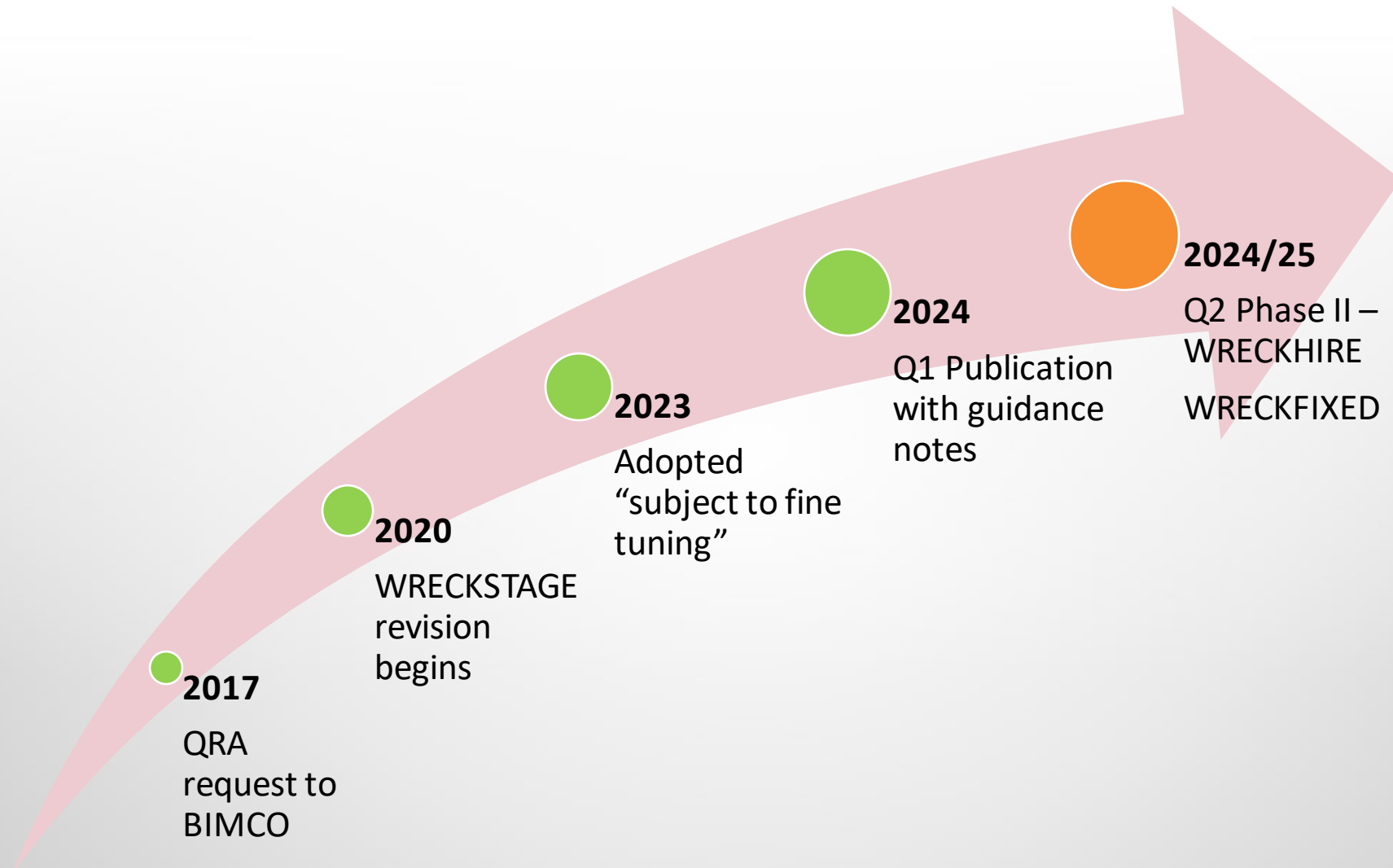
# WAY FORWARD

## SUBCOMMITTEE MEMBERS

Grant Hunter	BIMCO
Nick Shaw	IG
Sam Kendall-Marsden	NorthStandard
Andreas Øgrey	Skuld
Ivar Brynildsen	Gard
James Herbert	ISU
Nick Sloane	Resolve
Richard Janssen	SMIT
Richard Gunn	ReedSmith
Tony Goldsmith	Hill Dickinson
Andrew Chamberlain	HFW

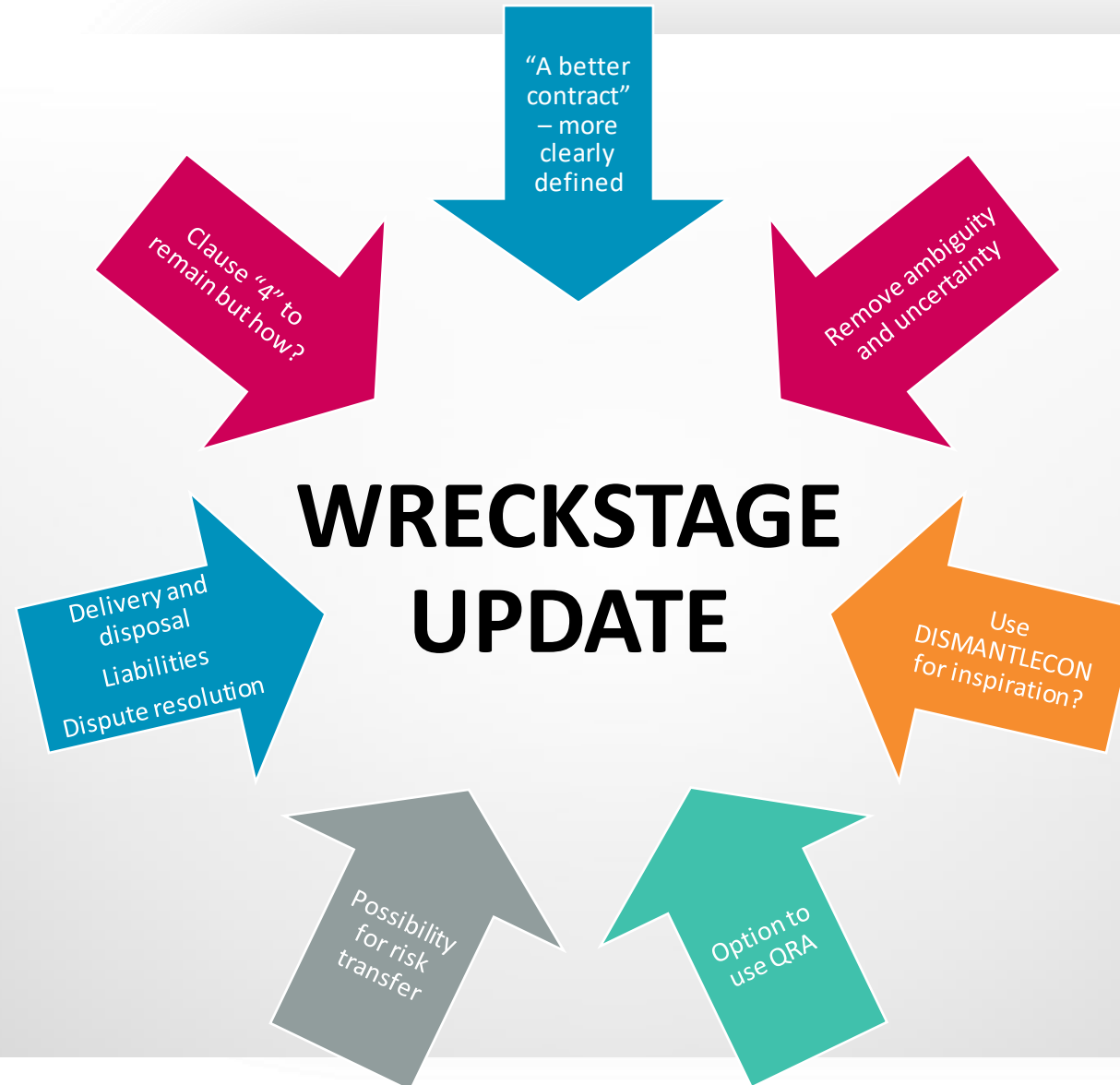


# WRECK SUITE OF CONTRACTS





# WRECK SUITE OF CONTRACTS





# WRECK SUITE OF CONTRACTS

## MAIN CHANGES:

- Risk allocation procedures (incl. QRA) optional
- Risk matrix as an annex
- Mechanism for pricing identified risks and adding to lump sum or identifying risks on “time and materials” if they arise
- Former Clause 4 mechanism remains in place with improved functionality and predictability for parties”
- Dispute resolution more practical:  
Trigger, timings, expert evaluation, liability clause and alignment of payment and security provisions
- Termination and compensation
- Clause 4 has become Clause 5



# WRECK SUITE OF CONTRACTS

## NO GO's:

- Range or deviation from amount of allocated risk
- Waste and wreck disposal
- Cap on contractual liability



# WRECKSTAGE 2024

## WRECKSTAGE 2024

**BIMCO**  
STANDARD FORM

PART I

### INTERNATIONAL WRECK REMOVAL AND MARINE SERVICES AGREEMENT (LUMP SUM – STAGE PAYMENTS)

1. Place and Date of Agreement Type here		3. Company/Place of Business (Cl. 1) Type here	
2. Contractor/Place of Business (Cl. 1) Type here		Type here	
4. Specifications of the Vessel (Cl. 1, 4 and 21), including such plans and drawings of the Vessel, cargo manifests, stowage plans, etc., and such other information as the Contractor may reasonably require for the performance of the Services (see Annex VI).			
4. Vessel Specifications (Cl. 1, 2, 4) (i) Name Type here (ii) IMO Number Type here (iii) Class (iv) Length/Beam/Depth Type here / Type here / Type here (v) Length/Beam/Depth Type here / Type here / Type here (vi) GT/NT/DWT/LSW Type here / Type here / Type here (vii) P&I Club/Insurer (Cl. 20(b)) Type here (viii) Club/Insurer (Cl. 21(b)) Type here			
5. Position and Condition of Vessel (Cl. 12, 4) Type here		6. Extent Position of Vessel and Condition of Worksite (Cl. 1, 2, 4) Type here	
7. Nature of Services (Cl. 2 and 5 and Annexes II and III) 4-2-4 (i) Nature of services Type here (ii) Compliance with orders of competent authorities (state party to obtain confirmation) Type here		8. Completion of Services (Cl. 9) (i) Place(s) of delivery/disposal (ii) Condition of delivery and/or disposal of Vessel (iii) Number of days for Company to nominate alternative place of delivery/disposal (Cl. 9(a), 9(b)) (iv) Number of days for parties to agree alternative place of delivery/disposal (Cl. 9(b)) Type here	
9. Permits (state which party to provide) (Cl. 7)		10. Risk Allocation Procedure Payments (Cl. 4) State if Clause 4 (Risk Allocation Procedure) to apply: Y/N -8(b)-10(a)-10(b)-	
11. Payments (Cl. 1, 4 and 5) (i) Lump Sum (state amount in figures and words) Type here (ii) Amount due and payable on signing this Agreement Type here (iii) Amount due and payable on Type here (iv) Amount due and payable on Type here			

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## WRECKSTAGE 2019 COMPARED TO WRECKSTAGE 2024

PART II

3. Company Representative

~~if reasonably required by the Contractor as a representative appointed by the Company (the "Company Representative") will be in attendance (or otherwise contactable at any time) available during the performance of the Services with the full authority to act on behalf of the Company. The Company Representative will be appointed and/or substituted at the sole option of the Company and notified to the Contractor in writing in advance.~~

(b) (i) The Contractor shall provide the Company Representative with free and unrestricted access to the craft and equipment used for the Services (subject to health and safety requirements and within that craft's limitations) and to the Worksite where the Services are being performed.

(ii) The Company may request the Contractor to provide, if available, suitable accommodation and meals on board the craft used for the Services for the Company Representative, for which the Company will pay the Contractor the daily rate for accommodation and meals per person stated in Box 14.

(iii) The Company shall ensure that the Company Representative has adequate insurance in place to cover their risks and liabilities during the performance of the Services.

(c) Upon request by the Contractor in addition, the Company will provide at its sole risk and expense representatives of the Company sufficient officers or their managers/equivalents, who are fully conversant with the cargo system and/or layout of the Vessel and its systems, and who should be in attendance when reasonably required during the performance of the Services in order to provide advice as and when requested by the Contractor.

4. Risk Allocation Procedure

(a) This Clause shall not apply unless indicated in Box 10.

(b) The parties hereto have elected to adopt the Risk Allocation Procedure and allocate the risks in accordance with Annex V (Risk Allocation Matrix) and the following procedure shall apply:

(i) Any and all costs related to risks allocated to the Contractor shall be incorporated into the Lump Sum and the Contractor shall not be entitled to any additional remuneration except in the limited circumstances described below at subclause 4 (c).

(ii) Any and all costs related to risks allocated to the Company shall be dealt with in accordance with subclauses 5 (b) (i) - (iii) and (d).

(c) If before or during the performance of the Services, and without fault on the part of the Contractor a Project Change is required due solely to a misdescription or error in the Vessel specification stated in Box 4 or in such documents and information as may have been provided in accordance with subclause 6 (d) that relates to the risks allocated under subclause 4 (b) (i), (ii), upon which the Contractor has relied, then the procedure set out at subclauses 5 (b) (i) - (iii) and (d) shall apply.

For any risks that are not covered by subclauses 4 (b) (i) and (ii) above then the provisions of Clause 5 (Change of Method of Work, Personnel, Craft and Equipment and/or Estimated Time Schedule) shall apply.

Change of Method of Work, Personnel, Craft and Equipment and/or Estimated Time Schedule

Lump Sum stated in Box 9 is based upon the Nature of the Services, as set out in Annexes I and II (Schedule of Work, Personnel, Craft and Equipment), III (Method of Work and Estimated Time Schedule) and, if relevant, Annex V (Risk Allocation Matrix), and the Description, Specifications, Position, Condition of the Vessel and the Worksite, as set out in Boxes 4, 5 and 6.

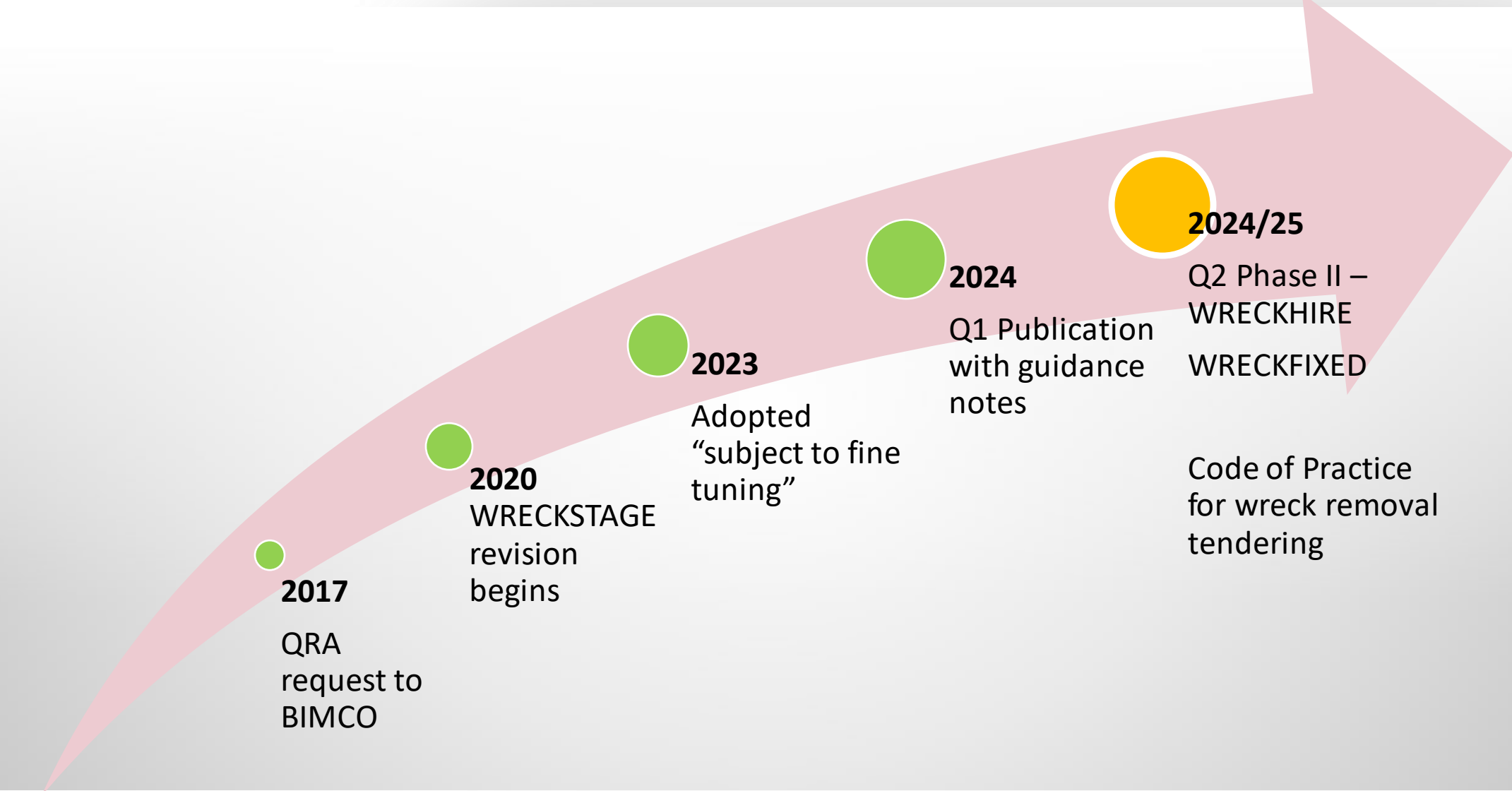
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# QRA – CONTRACTS – CODE OF PRACTICE





# PANEL Q&A

