

Outline of Compulsory Insurance Requirement For Non-tanker Vessels

Japanese Government has amended “the Law on Liability for Oil Pollution Damage” in order to tackle the problem of abandoned-shipwreck in Japanese coastal waters. Under this law, most of ocean-going vessels shall be insured.

From March 1, 2005, the shipowner of a vessel calling at any Japanese port must fulfill the following requirements for entry.

- **have P&I insurance for the vessel**
- **carry the relevant certificate on board**
- **report the status of insurance before entering a port**



**Maritime Bureau,
Ministry of Land, Infrastructure and Transport**

. Compulsory Insurance

Compulsory insurance requirement for non-tanker vessel will be introduced **from March 1, 2005**. Vessels that do not have P&I insurance after that date will **be denied to enter any Japanese port**.

【Scope of Application】

The new compulsory insurance requirement applies to all ocean-going vessels (excluding oil tankers) that are of **100 gross tonnage or larger**.

Note: Oil tankers are already required to have insurance under the International Convention on Civil Liability for Oil Pollution.

【Requirement of Insurance】

(i) Insurance must be provided coverage for the following risks;

- Damage caused by **bunker oil pollution**
and
- Expenses of **removing shipwreck**

(ii) Amount of the insurance coverage must be equal at least **to the sum** of;

- The limit of liability in the case of including **personal claim** (for bunker oil pollution)
and
- The limit of liability in the case of **other than personal claim** (for shipwreck removing)

Note: "The limit of liability" is the limitation provided by the Law on Liability Limitation of the shipowner, which is consistent with the International Convention on Limitation of Liability for Maritime Claims, 1976 (76LLMC)

Examples of minimum amount of insurance

Gross Tonnage		100G/T	1,000 G/T	10,000 G/T
Minimum Amount Required		667,000 SDR	1,084,000 SDR	7,421,000 SDR
Break	Bunker oil pollution	500,000 SDR	833,500 SDR	5,667,500 SDR
-down	Shipwreck removing	167,000 SDR	250,500 SDR	1,753,500 SDR

* 1 SDR=158.9 JPY =1.469USD=1.207 Euro, as of July 1,2004

Note: SDR (Special Drawing Rights) is used as the unit of account of the IMF(International Monetary Fund) and some other international organizations. Its value is based on a basket of key international currencies. Latest rate can be found on the IMF web site (www.imf.org/external/np/tre/sdr/db/rms_five.cfm).

. Carrying a Relevant Certificate on Board

- When the vessels are visiting a Japanese port, **the certificate of insurance must be on board.**
- The minister of Land, Infrastructure and Transport issues the certificate in response to the application from the shipowner or its agent in Japan. The application for issuing the certificate will be accepted **from December 1, 2004** at District Transport Bureaus, which are the local offices of the ministry.
- Please be reminded that **a few weeks or more are required to provide issuance of the certificate of insurance.**
- In exception of the rule above, if the shipowner has “Designated insurers” insurance such as P&I clubs belonged to the International Group of P&I Clubs and etc., **the original or the certified copy of “the Certificate of Entry” issued by the insurer will be accepted** instead of the certificate of insurance issued by the minister.

For further details including the list of “Designated insurers”, please inquire to one of the offices listed on reverse page.

. Report of the status of insurance

The captain or its agent in Japan of the vessel shall **report the status of the insurance and identification information of the vessel to the District Transport Bureau before entering a port in the designated report form.**

For further details, please inquire to one of the offices listed on reverse page.

. Inspection

The government officers including the PSC Officers may board the vessel to inspect relevant certificate. If the captain fails to produce the certificate, **the captain and/or the shipowner would be penalized and the vessel may be detained.**

Under the law, the captain will be guilty of an offence punishable when;

- The vessel without an appropriate insurance cover enters a port in Japan.
- The vessel without a relevant certificate enters a port in Japan.
- The captain fails to report or reports false information to the authority.
- Other cases provided by the law.

. Liability Rule

Liability rule about bunker oil pollution damage has been amended as following to protect those who suffer damage;

- Strict Liability

Strict liability rule applies to the bunker oil pollution damage, that is, the shipowner and the charterer shall be liable for the damage irrespective of their fault or willful misconduct.

- Joint Liability

The shipowner and the charterer are liable jointly and severally for the bunker oil pollution damage against those who incurred damage.

CONTACT POINT

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Note: If you wish to contact in English, please inquire to the head office or send e-mail.