

CIRCULAR

To the Members

Report on P&I Condition Surveys 2019

This is a report on the condition surveys conducted in 2019 policy year (hereinafter referred to as “PY”).

Objective

In order to maintain the standards of the entered vessels, we conduct condition surveys by independent surveyors for both post and pre-entry vessels that have reached a certain age. Due to the mutuality principle of P&I insurance, whereby the premiums entrusted to us by Members shall be used to compensate for loss or damage in the event of an accident, it is necessary to ensure that each Member has and is maintaining a certain standard of ships quality and management. To assess the vessel's potential risks, which could lead to P&I claims, the condition surveys questionnaire includes not only the physical condition of the vessel but also the standard of operating manuals and the ship safety management system.



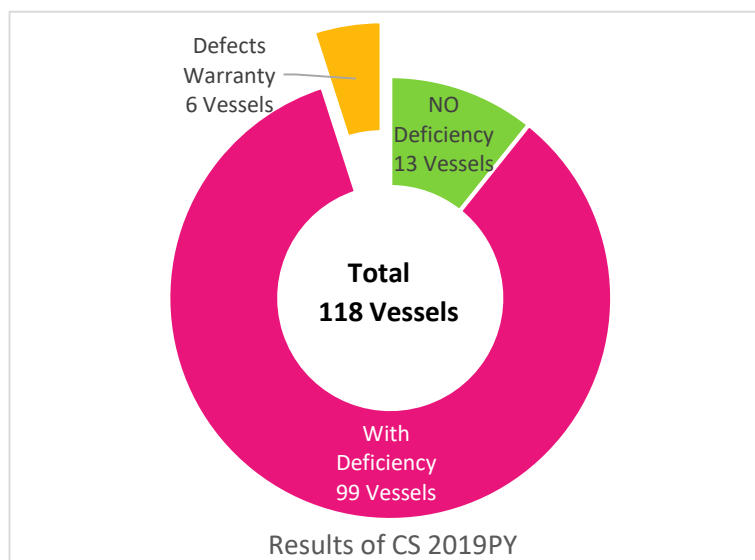
Meeting at the Opening and Closing of the condition survey

118 vessels surveyed in 2019PY

In 2019PY, we conducted condition surveys on a total of 118 vessels.

For 2020PY, we aim to carry out condition surveys for all nominated vessels.

In each case our Members' kind understanding and cooperation is, of course, highly appreciated.



Serious Deficiency

Whenever there is a defect pointed out, we ask for immediate and permanent repair to be conducted in order to prevent accidents. Furthermore, we may issue a “Defects Warranty” which warns that there is a possibility of "coverage restriction". The “Defects Warranty” will be issued for deficiencies that are likely to lead to a serious accident.

Some of the defects warranties issued are as follows.

- General cargo, dry-bulk or wood-chip carrier vessels
- Failing the ultrasonic test for cargo hatch covers (See our Circular [No.16-011](#) dated on 13 July 2016)
 - Hatch cover cleats heavily corroded or stuck

- Other vessels (common defects)
- Oil leakage from several machine units in engine rooms
 - Signs of smoke leaking from the exhaust manifolds of an auxiliary engine.
 - A mooring rope (headline) in use was in poor condition with broken strands



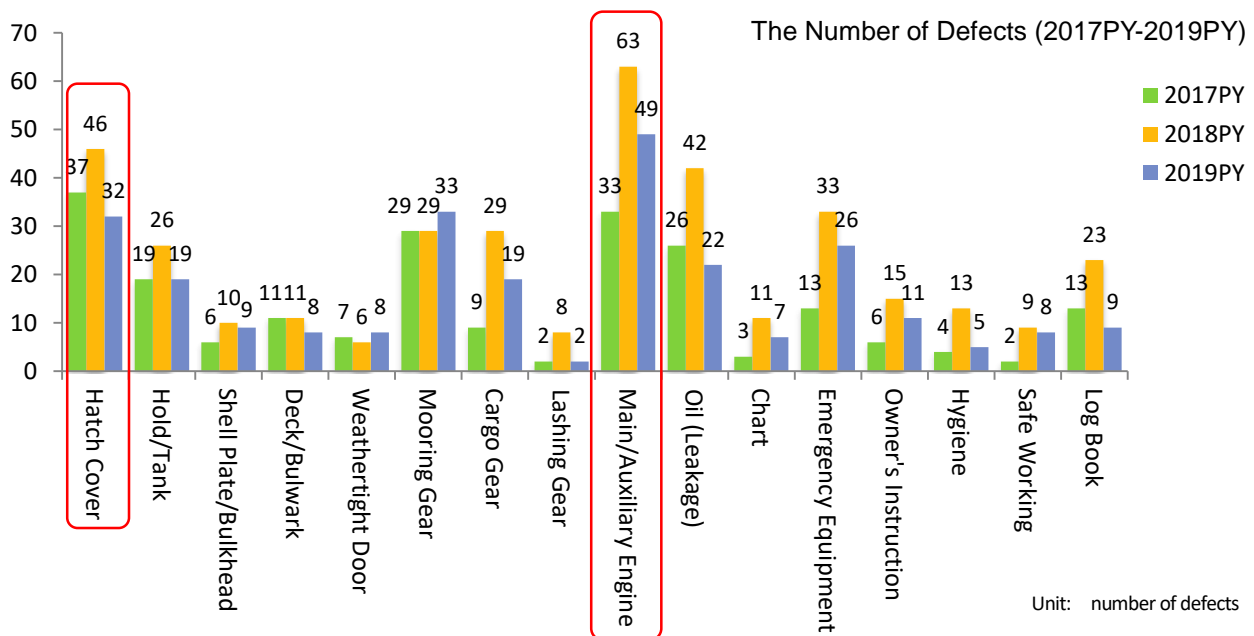
Serious fuel oil leakage from Main Engine



Cargo holds in extremely rusty condition

Defect Trends

The most common defects are associated with (i) hatch covers and (ii) machinery and equipment in the engine room. These trends have been unchanged since 2017PY. The below Graph shows the number of defects found during the condition surveys in the last 3 years.

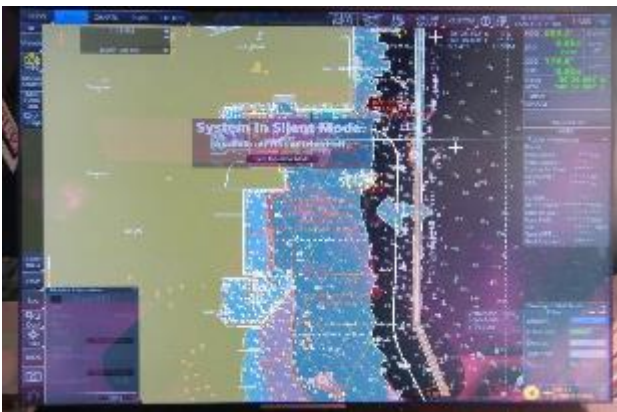


Condition Surveys Questionnaire

Under the condition surveys, we also reviewed the "passage plan" which was the focus of attention in the court judgement on a container ship aground accident that occurred in Chinese waters in 2011.

Below are some examples of what was pointed out.

- nautical miles clearance from course line to an isolated wreck was noted in the open sea of the East China Sea (Violation of SMS (Safety Management System) Manual)
- ECDIS was not marked with abort point, contingency anchorage or parallel indexing
- UKC (Under Keel Clearance) calculations had not been carried out and were not included in the Passage Plan
- CATZOC (Category Zones of Confidence) factor was not taken into consideration for the Passage Plan.
- Passage plan did not include the safety settings for Look Ahead, Safety frame, X-tracking etc.



ECDIS (Electronic Chart Display and Information System)

The preparation and observance of a proper "passage plan" leads to the prevention of aground accidents, which was a factor in the amendment of the Act on Liability for Oil Pollution Damage in Japan. As such, the condition surveys could be considered as the best opportunity to periodically review as to whether or not a vessel's management system is following the latest guidelines regarding defects.

Summary

Near-miss reports from vessels reveal risk factors that could lead to accidents and incidents. They show what corrective actions and safety measures should be taken. However, in our opinion, it is also essential to confirm the actual vessel operations objectively, in order to protect the vessels and crews, which are important assets of our Members'. With condition surveys, we can not only visualize the areas where on-site maintenance has not been completed, but by comprehensively managing the corrective action reports, we can help maintain and improve the quality of our Members' vessels.

If you have any items of concern regarding past claims and would like to confirm them during a condition survey, please contact a person in charge of the underwriting department. We appreciate your cooperation in conducting the condition surveys for 2020PY.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association

Attachment: Survey Criteria

Survey Criteria

1. Pre-entry surveys

- (1) Any chemical tankers^[1]: at 5 years old and over
- (2) All vessels except (1) above: at 10 years old and over

2. Entered vessels

- (1) All vessels except the following (2)~(6): at 15 years old and over
- (2) Any vessels suffering two or more similar accidents due to unseaworthiness, regardless of age
- (3) Any chemical tankers^[1]: at 5 years old and over
- (4) Any reefer vessels^[2]: at 10 years old and over
- (5) Any tankers which have carried Heavy Fuel Oil (HFO) as cargo within the last 12 months: at 10 years old and over, except the following a.~c.
 - a. the vessel has undergone our Condition Survey within the last 12 months; or
 - b. the vessel has undergone a special survey by a Classification Society within the last 6 months; or
 - c. the vessel has a current CAP 1 or CAP 2 rating issued by an IACS classification society.
- (6) Whenever the Ship Management Company changes: Any chemical tankers^[1] at 5 years old and over, and all other vessels at 10 years old and over

[1] chemical tanker with coated tanks, methanol tanker, product tanker, sulphuric acid tanker, molasses tanker, clean tanker, ore/chemical carrier

[2] reefer, cold-storage/oil carrier

3. Re-inspection

- (1) All vessels surveyed under 1. and 2.: Every 5 years
- (2) Vessels entered at 20 years old and over: Every 2 years

Note

1. One or two surveyors of the Association's designated organisation will conduct a Condition Survey in accordance with the Association's requirements, focusing on: certificates/ documentation; maintenance; navigation plans; lifesaving appliances; fire control plans; seaworthiness; cargo-worthiness and; other aspects depending on the vessels' types and their special characteristics. A Condition Survey takes between half a day and 2 days at most without causing any delays to the vessel. Our requirements include a weather-tightness test for hatch covers, and the internal inspection of cargo holds/tanks; therefore, it is impossible to accomplish them all without the presence of crew. Upon completion of the survey, the surveyor will brief the Master on recommendations, if necessary.
2. In addition to our criteria stated above, we carry out surveys on vessels suffering claims which may have been caused by a lack of seaworthiness, in order to seek the causes of the claims.
3. It is our intention to carry out the Condition Survey prior to entry with the Association. If this cannot be achieved, we shall carry out the Condition Survey within 30 days of the date of entry.