

Civil Liability Convention

The International Convention
on Civil Liability for
Oil Pollution Damage, 1992
(1992 CLC)

**COMPENSATION FOR DAMAGE CAUSED BY
SPILLS OF PERSISTENT OIL CARGOES**



What is the 1992 CLC?

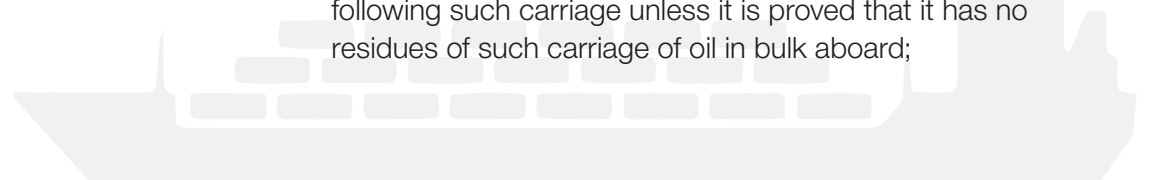


1 The Convention aims to ensure that adequate, prompt and effective compensation is available for pollution damage caused by spills of persistent oil cargoes from ships by:

- establishing strict liability against the shipowner;
- ensuring the shipowner has insurance or financial security in place; and
- providing the right of direct action against that insurer or provider of financial security.

2 The Convention applies to:

- all seagoing vessels and seaborne craft of any type whatsoever constructed or adapted for the carriage of oil in bulk as cargo, provided that a ship capable of carrying oil and other cargoes shall be regarded as a ship only when it is actually carrying oil in bulk as cargo and during any voyage following such carriage unless it is proved that it has no residues of such carriage of oil in bulk aboard;



➤ The International Oil Pollution Compensation Fund, 1992 (1992 Fund) Administrative Council has published the [Guidance for Member States on the consideration of the definition of "ship" under the Convention](#).

- persistent hydrocarbon mineral oil, including crude oil, fuel oil, heavy diesel oil and lubricating oil, whether carried on board a ship as cargo or in the bunkers of such a ship;

- pollution damage, meaning:

➤ loss or damage caused outside the ship by contamination resulting from the escape or discharge of oil from the ship in the territory, including the territorial sea, and in the exclusive economic zones of a State Party or an area beyond and adjacent to the territorial sea of a State Party extending not more than 200 nautical miles from the baselines; and

➤ the costs of reasonable preventive measures, wherever taken, to prevent or minimize pollution damage and further loss or damage caused by preventive measures;

- types of pollution damage that may be covered include property damage, economic loss, costs of preventive measures, and impairment of the environment other than loss of profit from such impairment and that is limited to the costs of reasonable measures of environmental reinstatement undertaken or to be undertaken.



3

The Convention does NOT apply to pollution damage arising from a ship sourced spill of bunker fuel oil, where used or intended to be used for the operation or propulsion of the ship, and any residues of such oil, if IMO's 2001 Bunkers Convention¹ is in force and applicable.

- The Convention would apply to a spill of persistent bunker fuel oil from a ship that is actually carrying persistent oil as cargo or has residues of such a cargo on board.

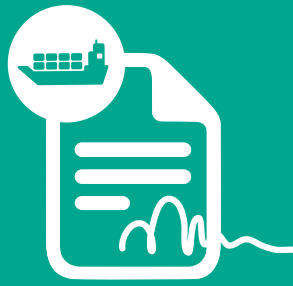


¹ International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.



What

are the obligations
and entitlements of
shipowners?



2

Shipowners of ships carrying more than 2,000 tons of oil in bulk as cargo that are either registered in a State Party or entering or leaving the port of a State Party, or arriving at or leaving an offshore facility in their territorial sea, must:

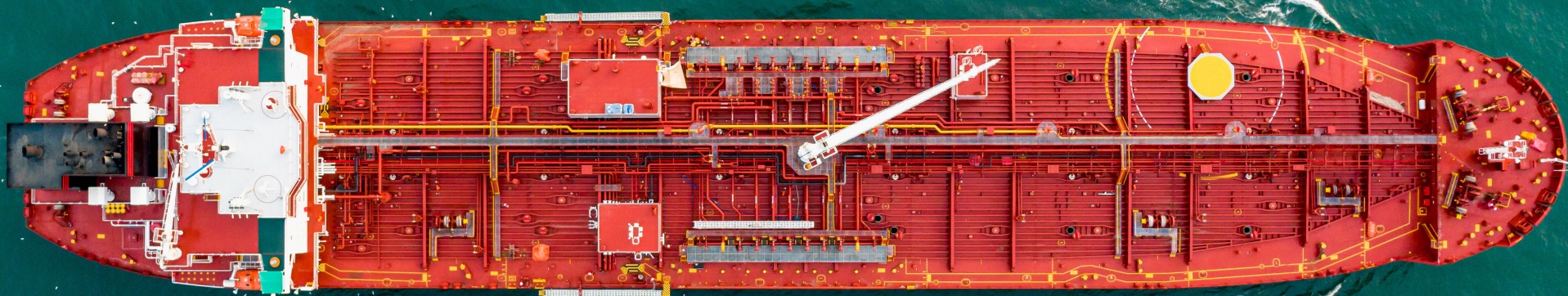
- obtain and maintain insurance or other financial security, such as the guarantee of a bank or similar financial institution to cover their liabilities under the Convention;
 - The amount of insurance or financial security required should not exceed the amount of the ship's limit of liability calculated in accordance with the Convention.
 - If the registered owner is in any doubt about the amount of insurance or financial security required, they should contact the State where they are applying for their Convention certificate or their insurer or financial security provider (normally a P & I Club).
- obtain a Convention certificate from their flag State if the flag State is a State Party to the Convention or other State Party if their flag is not party to the Convention, attesting that insurance or other financial security is in place; and
- ensure that the Convention certificate, which can be in electronic format, is carried on board the ship at all times.



1

Shipowners means the person or persons registered as the owner of the ship or, in the absence of registration, the person or persons owning the ship. In the case of a ship owned by a State and operated by a company which is registered as the ship's operator, shipowner means such company. Shipowners are strictly liable to pay compensation for pollution damage even if the spill is accidental, subject to certain specific defences from liability.





3 Shipowners of ships carrying 2,000 tons or less of persistent oil as cargo by sea are not required by the Convention to maintain insurance or financial security but remain strictly liable for pollution damage under the Convention.



4 No party other than the shipowner is required to maintain insurance or other financial security to cover their liability under the Convention.

5 Shipowners are entitled to limit their liability for pollution damage in accordance with the financial amounts required by the Convention and which are dependent on the gross tonnage of the ship.²

² If the total cost of compensation for pollution damage that arises from a spill of persistent oil cargo, where carried by sea, exceeds the shipowner's limit of liability under the 1992 CLC, then additional compensation may be available from the 1992 IOPC Funds if the 1992 IOPC Fund Convention is in force in the jurisdiction of a State where the pollution damage occurred. Further information on the 1992 IOPC Fund Convention can be found at: www.iopcfunds.org.

What

are the obligations of insurers and providers of financial security?



1

When providing a certificate of insurance, hereinafter referred to as a "blue card", to the shipowner, as evidence that insurance or financial security is in place which covers all liabilities under the Convention, the insurer or provider of financial security should:

- ensure that the blue card is addressed to the relevant State authorities;
- accept the right of direct action against them by claimants that have suffered loss and damage caused by pollution damage;
- ensure that the insurance policy, or financial security, satisfies the requirements of the Convention and covers the registered owner's liabilities under the Convention and up to the required financial limit.



3

If the insurance policy or financial security ceases for reasons other than expiry, or where the policy is amended so that it no longer satisfies the requirements of the Convention, the insurance or financial security provider must give three months' notice of termination to the issuing State Party. The insurance policy will cease before the expiry of this three months' notice period if:

- the certificate issued by the State Party is returned to that State Party; or
- a new Convention certificate is issued within this three-month period.

2

It is generally accepted that the blue card only needs to be issued in English.



What

information is needed on a CLC Certificate of Insurance or Other Financial Security issued by a State Party?



1

A Convention certificate issued by the State Party to the registered owner should be in the form of the certificate attached to the Convention and include the following information:

- name of ship and port of registry;
- distinctive number or letters;
- name and principal place of business of the registered owner;
- type and duration of the insurance and other financial security;
- name and principal place of business of the insurer or other person giving security and, where appropriate, place of business where the insurance or security is established; and
- period of validity of the certificate, which shall not be longer than the period of validity of the insurance or other security; and statement that the policy covers liabilities under article VII of the Convention.

2

To facilitate processing applications, the information identified above should also be included on blue cards issued by insurers or providers of financial security.



What are the obligations of States Parties?

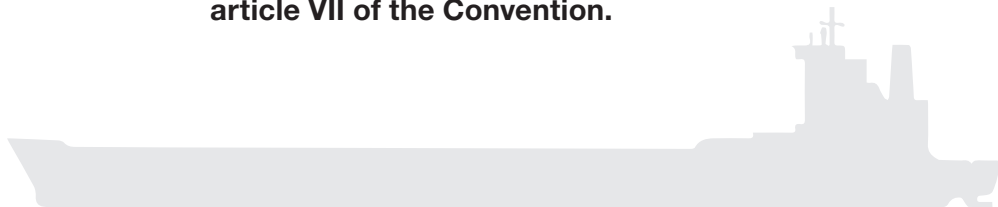


1 Approve insurers or providers of financial security, taking into account the guidelines in **Circular Letter No.3464**.

2 Ensure that the blue card contains all the information necessary to issue a Convention Certificate of Insurance or Other Financial Security.



3 Issue Convention certificates to registered owners based on evidence of insurance or other financial security sufficient to satisfy the requirements of article VII of the Convention.



4 The certificate shall be issued in the official languages of the issuing State Party but where this language is not English, French or Spanish then the text must include a translation into one of these three languages.



5 Not permit ships carrying more than 2,000 tons of persistent oil as cargo flying their flag to operate without carrying a valid Convention certificate on board.



What

are the obligations of port States who are States Parties?



2

Accept certificates issued or certified under the authority of another State Party.



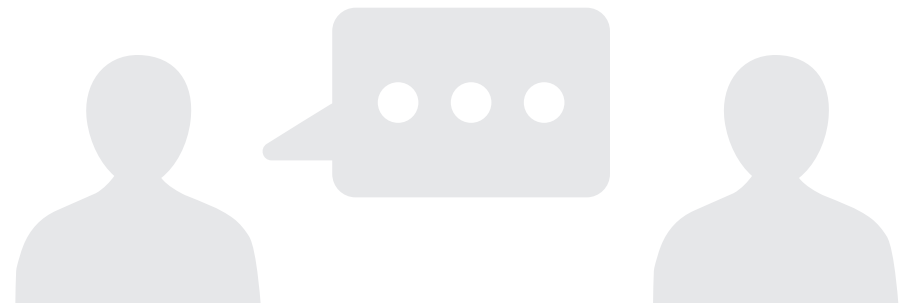
3

Request consultation with the issuing State, if necessary, if it believes that the insurer or financial security provider named in the Convention insurance certificate is not financially capable of meeting the obligations imposed under this Convention. It is not necessary for a port State that is a State Party to see the ship's blue card.



1

Require ships carrying more than 2,000 tons of persistent oil as cargo wherever they are registered, under national law, to have on board a State-issued Convention certificate when entering or leaving a port in their territory or arriving at or leaving an offshore facility in their territorial sea.



**Other IMO brochures and information material on
LIABILITY AND COMPENSATION CONVENTIONS
are available at the following links:**



Bunkers Convention brochure



Nairobi Wreck Removal Convention brochure



Website of the International Oil Pollution Compensation Funds (IOPC Funds): <https://iopcfunds.org>



This is an informational brochure developed by the Legal Committee of the International Maritime Organization (IMO) on the Civil Liability Convention. It is part of a series of brochures aimed at providing information on the responsibilities of shipowners, insurers or other financial security providers, and States Parties (flag States, or other certifying States and port States) regarding IMO's liability and compensation conventions.

This brochure has no legal standing, but it is intended to provide concise information on the Civil Liability Convention. The information brochure should not be used as a substitute for competent legal advice.

