



SHIOWNERS

SECURITY FOR SMALL & SPECIALIST VESSELS



▶ Sinking and wreck removal of the Demas Victory

On 30 June 2009, our Member's offshore safety/standby vessel, Demas Victory, capsized and sunk in heavy weather off the coast of Qatar. Tragically, the sinking resulted in the death of 30 out of the 35 persons on board. These included both crew and charterers' personnel.



Insight

At the time of the incident the Demas Victory was chartered out on Supplytime '89 terms. Supplytime '89 is a knock for knock contract. This is an agreement whereby each party takes responsibility for damage to their own property or injury to their own employees regardless of fault. The knock for knock regime applies even where there has been negligence (however serious) causing the loss. The purpose of the knock for knock regime is to save time and expense in connection with casualties by setting out a simple system whereby each party assumes responsibilities for its own property and personnel regardless of fault and insures against such risks accordingly.

The proceedings in Qatar have been coloured by our stringent efforts to uphold the principles of knock for knock regimes which are an important and well recognised feature of offshore contractual arrangements. Whilst the principle of knock for knock is recognised by English law, and in many other jurisdictions, in Qatar the courts appear reluctant to uphold the regime as both the Court of First Instance and Court of Appeal have ruled against our Members on this issue.



We were able to work closely with our Members and advisers in order to swiftly obtain quotations from various salvage contractors together with proposed methodologies. This was a difficult and high profile situation with significant local press interest. Nevertheless, a reputable contractor was promptly engaged on favourable terms and, within a week of the incident, the wreck of the vessel was removed and all bodies were recovered.

The sinking led to civil proceedings for death compensation being brought by the families of the deceased against our Members. The Club was able to lend its full support throughout this process by defending the civil proceedings on the grounds that charterers were contractually obliged to indemnify our Member for death compensation with respect to charterers' personnel.

Observations

In sensitive circumstances, the Club was able to remove the wreck of the vessel and recover all of the bodies within a very short time frame. Despite the reluctance of the Qatari courts to recognise the knock for knock regime, all efforts will be made to uphold the principles of knock for knock for the benefit of our membership and the industry as a whole.

