

Assess whether the cargo routing will be affected by the Code.

Be aware of ISM implementation.

If in doubt, seek confirmation/advice from the ship operator.

What is the ISM Code?

In case of difficulties, consult a senior manager or director, or your regular claims contact at your TT Club office. Further information can be obtained from the TT Club's Regional Centres.



Impact of the ISM Code on the Transport Industry

Ship operators will be aware that Phase 1 of the ISM Code has applied since 1 July 1998. In approaching these requirements it should be remembered that the ISM Code represents only one part of a substantial volume of regulations to which ship operators must adhere.

Phase 1 of the Code impacted operators of tankers, bulk carriers, passenger ships or high-speed cargo craft.

In this first phase, the impact for others in the transport chain (eg NVOs and freight forwarders) depended upon the nature of your trade. Practically speaking, you would only have been affected by Phase 1 where you contracted to carry cargo on either a "bulk carrier" or a "passenger ship".

These are defined as:

- "Bulk carrier" is a "ship which is constructed generally with a single deck, top-side tanks and hopper side tanks in cargo spaces, and is intended primarily to carry dry cargo in bulk, and includes such types as ore carriers and combination carriers". Such a ship that carries a small number of containers on deck will have had to comply with the Code since July 1998.
- "Passenger ship" is one which carries 12 or more passengers (including truck drivers). You should note that these provisions were brought into effect in the European Union in July 1996 (Council Regulation 3051/95), and therefore short sea/ro-ro traffic should already be compliant as far as carriage to or from any port in a state in the European Union.

Under Phase II of the Code, operators of all other types of ship - which includes container ships - had until July 2002 to comply.

What you should note now that all phases have been introduced:

- Cargo underwriters may impose an endorsement to cargo insurances to exclude coverage where the assured knowingly ships cargo on a ship that is required to, but does not have, ISM certification
- P&I Clubs require, as a condition of cover, that valid statutory certificates be maintained in relation

to the ISM Code

- Since this has force of law in the countries of the world that are signatories to the SOLAS Convention, any non-compliant ship may be denied entry into port and may be subject to financial penalties - the former may delay cargo or give rise to a deviation.

What actions you should take:

- You should assess whether the routing of any particular consignment will be affected by the Code, including any transshipment or feedering.
- If it does, or you are in any doubt, you should seek confirmation from the ship operator that the relevant ships are certified. The certificate will include details of the dates of issue and expiry.

[IACS (International Association of Classification Societies) has produced a "White List" of certified ships that is updated quarterly from information available to IACS - download from the IACS website www.iacs.org.uk or access on-line from Fairplay - www.fairplay.co.uk/ism. However, a ship may have been audited and certified by a flag state administration whose records are not included on the IACS list.]

In the event of a claim arising that is attributable to a non-compliant ship your cover with the Club may be prejudiced.

What is the ISM Code?

The International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code), as incorporated in Chapter IX of the SOLAS Convention, applies to passenger ships, oil and chemical tankers, bulk carriers and cargo high speed craft of at least 500gt, other cargo ships (including container ships) and mobile offshore drilling units of at least 500gt.

The Code sets out principles by which the shipowner, or other person operating the ship, must implement a Safety Management System (SMS). The elements of the system include appointing a "designated person" with access to the highest levels of management to monitor the safety and

pollution prevention aspects of the operation of each ship and to ensure adequate resources are applied; improving safety management skills of personnel and clarifying their safety management responsibilities; developing systematic plans for safe shipboard operations and for emergency preparedness; ensuring each ship is properly maintained; and improving communication between ship and shore, including analysing and acting on reports of non-conformities.

The operating company is required to develop procedures to control and keep updated all documents and data relevant to the SMS. The Code requires the operating company to perform internal audits to ensure that its safety and pollution prevention activities are efficient and are in practice conducted in accordance with the company SMS.

Compliance with the Code is verified on behalf of flag states by classification societies or other recognised organisations, and is certified by means of a Document of Compliance (DOC) issued to the ship operating company, and a Safety Management Certificate (SMC) issued to each ship.

What must a structured SMS cover?

- Safety and environmental protection
- Company responsibilities and authority
- Designated person(s)
- Master's responsibility and authority
- Resources and personnel
- Development of plans for ship board operations
- Emergency preparedness
- Reports and analysis of non-conformities, accidents and hazardous occurrences
- Maintenance of the ship and equipment documentation
- Company verification, review and evaluation certification

For further information on the ISM Code see "Guidelines on the Application of the IMO International Safety Management (ISM) Code" published jointly by the International Chamber of Shipping and the International Shipping Federation - available from ICS/ISF (Tel +44 171 417 8844, Fax +44 171 417 8877).

Further information, and additional copies, can be obtained from the TT Club's regional centres:

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