

IOPAI

08th May 2011

LEGAL NEWS

ARREST CONVENTION

The International Convention on the Arrest of Ships 1999 will come into force on 14th September 2011. This is an event of particular interest to P&I Clubs, insurance companies and insurance brokers.

Under the Arrest Convention 1952, it is not possible to arrest a ship in respect of an unpaid insurance premium or mutual insurance call (The Sea Friends [1991] 2 Lloyd's Rep 322). However, the position is different under the 1999 Arrest Convention. This provides that the maritime claims for which a vessel may be arrested include claims arising out of "insurance premiums (including mutual insurance calls)".

Parties who owed premiums or calls may consider enforcing their claims in States which have adopted the 1999 Convention. So far only ten States have done so, and not all are States where one would wish to carry out an arrest. However, other States may adopt the 1999 Convention; Denmark and Norway have signed it, but have not so far ratified it. In addition, some other States have enacted it in local law.

The States which have ratified the 1999 Convention so far: Albania, Algeria, Benin, Bulgaria, Ecuador, Estonia, Latvia, Liberia, Spain, and the Syrian Arab Republic.