

BUNKER CLAIMS MANAGEMENT

**An Introduction to
Marine Bunker Claims
Management**

Nigel Draffin



An Introduction to Marine Bunker Claims Management

PETROSPOT

Dedication

This book is dedicated to my grandson, Alexander Wesley Draffin, in the hope that should he enter this industry in 20 years' time, most of the problems discussed here will have been resolved. I suspect, however, that they will have been replaced by new and equally complex issues.

Nigel Draffin



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by

Nigel Draffin

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Foreword by

Andrew Preston

Partner – Clyde & Co LLC

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Foreword

I have the pleasure of introducing this book to its readers.

As a practising solicitor involved in bunker claims for over 20 years, I think this book is long overdue. The bunker market has in recent years seen seismic events which have brought into question how we as an industry do business and how we resolve claims. The collapse of OW Bunker in November 2014 caused a wave of litigation that is still being felt across the market today. The spate of insolvencies has caused havoc in contract chains. At the time of writing this foreword, the market is gripped with fuel contamination issues arising out of supplies in the Gulf of Mexico and Singapore. IMO 2020 on the horizon can only lead to further problems on fuel supply and quality.

Understanding how to avoid claims and how to deal with claims once they arise has never been more important to those in the industry. Nigel's book gives anyone involved in the industry a clear, concise roadmap to understanding how terms and conditions of business impact on legal rights and liabilities and, more importantly to the industry, how to resolve claims promptly and efficiently without recourse to expensive litigation.

Andrew Preston

Partner – Clyde & Co LLC

December 2018

Preface

My earlier books have dealt with particular aspects of bunkering but this one, on claims handling, is different. It requires a little understanding of what has been agreed between the parties, what is required by regulation and how to cope when things go wrong. In that sense it is closer to 'soft' skills than to technology and physics.

My first involvement with the reality of bunkering ships was assisting the fourth engineer in witnessing barge measurements as an engineer apprentice on a crude oil tanker in 1968. Like most deliveries in the 1960s and early 1970s, disputes were very rare. As bunker prices increased and as residual fuel quality problems appeared in the late 1970s, the picture changed. It was not until I started to purchase bunkers for the Shell fleet in 1986 that I had to deal with resolving difficulties and disputes involving shipowners, time charterers, sellers, suppliers, deliverers and ships' crew.

After 32 years in commercial bunkering you would think I had seen it all but in practice I am confronted with new problems every week.

When I started in the commercial sphere, I was given excellent advice and some sound procedures to help me find practical, sensible and equitable solutions to the disputes that arose. I also quickly understood that adherence to those sound procedures would avoid a significant proportion (but not all) of those disputes.

Discussion and debate with my students over the last 20 years led me to believe that a simple guide to claims would be of benefit to all of the players involved. I have tried to address the issues at a level that should be accessible to all with a basic understanding of bunkering. I know that not everyone will agree to my approach to some disputes – all I can say in response is that my approach has served me well over many years and through many market changes.

Nigel Draffin

December 2018

Acknowledgements

The author wishes to thank all those who have contributed help, comments, images and encouragement throughout the conception, gestation and production of this book.

Special thanks are due to Andrew Preston, Alan Hillgrove and Michael Green, who have contributed guidance and suggestions, and helped to keep me focussed on the things that make a difference in successful claims handling.

I would also like to thank the students on the *Oxford Bunker Course* and at other training events for asking an endless flow of questions which provided much of the inspiration for the content.

I would also like to extend my thanks to Llewellyn Bankes-Hughes and his team at Petrosport for encouraging me to write this book. Particular thanks are due to Lesley Bankes-Hughes and Cheryl Marshall for designing, producing and bringing the book to life.

Nigel Driffin

December 2018

About the author

Nigel Draffin has been involved in shipping for over 50 years and with the commercial bunker market for over 25 years. After joining Shell Tankers as an apprentice engineer in 1966, he rose through the ranks, serving on all classes of vessel, including VLCCs and LNG tankers. He came ashore in 1979 to join the newbuilding department of Shell International Marine. After two years of new construction in Ireland, South Korea and the Netherlands, he transferred to Shell's Research & Development unit, specialising in control systems, fuel combustion and safety systems.

In 1986, Nigel moved to the commercial department as a bunker buyer and economics analyst. In 1988, he was promoted to be Head of Operational Economics, responsible for all of the fuel purchased for the Shell fleet, the operation of the risk management policy and the speed/performance of the owned fleet.

In March 1996, he joined the staff of E.A. Gibson Shipbrokers Ltd in the bunker department, and became the manager. In 2006, this department merged with US-based broking house LQM Petroleum Services, where Nigel was senior broker and technical manager until he became a full-time consultant, lecturer and author in 2015.

Nigel is a founder member of the International Bunker Industry Association (IBIA) and has served several times on its council of management and executive board. He has also served as the association's Chairman. He is the author of IBIA's *Basic Bunkering Course* and Course Director of the Petrosport Academy, which runs industry-recognised training events, such as the *Oxford Bunker Course*.

Nigel is the author of a growing library of clearly-written, highly-respected reference books on every aspect of bunkering – including commercial issues, operations, marine engines, risk management, fuel analysis, measurement, LNG bunkering, marine lubricants and shipping – which have now sold in over 100 countries around the world.

Nigel is a member of the Institute of Marine Engineering, Science and Technology and Past Master of the Worshipful Company of Fuellers.

Llewellyn Bankes-Hughes

Managing Director, Petrosport Limited

December 2018

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