

55 It was noted that several delegations had referred to domestic pressures to address the matter of compulsory insurance at the international level and that such calls could not be ignored. It was emphasized that the proposed instrument need not take the form of an international convention but could be in the form of a code or regulation, and need not be limited to insurance but could cover any form of financial security.

56 It was agreed to establish a correspondence group in accordance with applicable rules and guidelines and with the following terms of reference on the understanding that the group should have the flexibility to discuss any subject relevant to its work:

"A To consider suitable means for introducing rules on evidence of financial security for vessels, in particular in respect of:

- (1) coverage for a number of different claims attracting public interest that occur frequently;
- (2) defenses that a provider of financial security could be allowed to invoke;
- (3) direct action against the providers of financial security;
- (4) documentation of the financial security and criteria for determining the acceptability of the financial security;
- (5) recognition of certificates containing evidence of the financial security; and
- (6) control of certificates containing evidence of the financial security.

B Evaluate whether a convention, a code or a recommendation would be the more appropriate type of instrument in respect of international rules on evidence of financial security.

C The group shall consider both third party security and other evidence of the ability to pay."

57 The correspondence group is to report to the seventy-fifth session of the Legal Committee. The lead country shall be Norway.*

G REPORT ON THE INTERNATIONAL CONFERENCE ON HAZARDOUS AND NOXIOUS SUBSTANCES AND LIMITATION OF LIABILITY, 1996 (agenda item 7)

58 The Committee took note of the contents of document LEG 74/7 which reports on the outcome of the Conference.

*Contact point: Dr. Erik Røsæg, Legal Adviser, dr.juris, Ministry of Justice, Akersgaten 42, Box 8005 Dep, N-0030 OSLO - Norway
Tel. 47-22-245381, Telefax 47-22-242725, E.mail: erik.rosag @ jus.uio.no

59 It was equally noted that, due to a material error, some words in article 12, paragraph 5 of the HNS Convention had been omitted from the final text of this Convention contained in document LEG/CONF.10/8/2. The Committee agreed that the words omitted should be read as part of the text of the Convention. It also requested the Secretariat to consider the appropriate procedure for rectification. Accordingly, the first sentence of article 12, paragraph 5, should read as follows (words originally omitted in bold): "An insurance or other financial security shall not satisfy the requirements of this article if it can cease, for reasons other than the expiry of the period of validity of the insurance or security specified in the certificate under paragraph 2, before three months have elapsed from the date on which notice of its termination is given to the authorities referred to in paragraph 4, unless the compulsory insurance certificate has been **surrendered to these authorities or a new certificate has been issued** within the said period."

60 The delegation of Japan noted that reference to preventive measures in article 3, subparagraph (d) of the HNS Convention should, in its opinion, have included explicit reference to the cases of damage mentioned in subparagraphs (a), (b) and (c) of the same article by including the words "to prevent or minimize such damage." In the view of this delegation, it would be useful to supplement this omission by means of a common understanding by the Committee that the Convention only applies to preventive measures undertaken to prevent or minimize damage falling under the geographic scope of application regulated in subparagraphs (a), (b) and (c).

61 The delegation of Japan noted that the expression "to prevent or minimize such damage" had been excluded from the reference of "preventive measures" contained in article 2 of the proposed draft convention on liability for damage caused by ships' bunkers contained in document LEG 74/4/1. This delegation expressed the view that this expression, which is used in the CLC and reflected a more precise wording, should be included in that draft text, or other draft texts in future similar provisions.

62 The Committee agreed with the proposed interpretation of the HNS Convention.

H WORK PROGRAMME AND MEETING DATES FOR 1997 (agenda item 8)

63 In considering the subjects for inclusion in its work programme for 1997, the Legal Committee considered the priority of the subjects on the work programme of the Legal Committee for the 1996-1997 biennium and other subjects which were considered under the agenda of the Committee for this session. In the light of the considerations, the Committee agreed to retain the three priority items on its work programme but to re-order the priorities. On this basis the Committee decided that the subjects in its work programme for 1997, presented in their order of priority, would be:

- (i) **provision of financial security** (previously referred to as "compulsory insurance");
- (ii) **consideration of compensation for pollution from ships' bunkers;**
- (iii) **consideration of a draft convention on wreck removal;**
- (iv) **draft convention on civil jurisdiction, choice of law, recognition and enforcement of judgements in matters of collision at sea:** is to be retained and dealt with when time is available;