



**IMO**



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Entitled

**THE LAW ON WRECK REMOVAL OF THE PEOPLE'S REPUBLIC OF CHINA**

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# **Explanatory note**

The objective of this draft legislation is to incorporate the IMO<sup>1</sup> Draft Convention on Wreck Removal (hereinafter referred to as the DWRC) into the domestic legislation of the People's Republic of China. The aim of the new national Law is to ensure safety of navigation by prompt removal or marking hazardous wrecks, as well as to resolve other problems arising from wreck removal, primarily with the introduction of a compulsory insurance regime and related measures.

## ***1. Introduction of the IMO Draft Convention on Wreck Removal***

Since 1996, IMO and CMI<sup>2</sup> have been studying the subject of wreck removal with the aim to prepare an international convention on this topic in order to establish a common practice on wreck removal beyond territorial sea. The DWRC is currently under discussion at the Legal Committee of IMO and it might be ready for consideration by a Diplomatic Conference in 2006.

The DWRC is intended to provide international rules on the rights and obligations of States and shipowners with regard wrecks and drifting or sunken cargoes which may pose a hazard to navigation and/or pose a threat to the marine environment. It provides a comprehensive set of rules regulating identification, reporting, locating and removal of hazardous wrecks, as well as requiring the shipowner of a wreck to pay the costs of removal.

The main elements of the DWRC are as follows: Firstly, it gives a broad definition of “wreck” and “hazard” and sets out an extensive list of criteria for States to determine whether a wreck poses a hazard or not. The State Party is entitled to intervene in any

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<sup>1</sup> International Maritime Organization

<sup>2</sup> Comité Maritime International

situation when the wreck constitutes a hazard to maritime safety or marine environment. Secondly, it imposes strict liability on shipowners<sup>3</sup> for costs of locating, marking and removal of wrecks. However, it does not provide any limitation of liability for the wreck removal. Whether the shipowner is entitled to limit his liability or not is up to the existing applicable national laws or international conventions. Finally, the most important element provided in the DWRC is the compulsory insurance regime accompanied by direct action against the insurer or other guarantor, which empowers the third party to claim compensation directly from the insurer.

## ***2. Wreck removal in China and the main features of the new Law***

Provisions regulating wreck removal in China are contained in several different laws and regulations, however only the Regulation on Wreck Removal<sup>4</sup> specifically governs this issue. The rules contemplated in these laws are not harmonized and some are out of date.<sup>5</sup>

One of the biggest problems which China is facing is the compulsory removal of hazardous wrecks. When a maritime casualty happens, the shipowner may escape from liability if the value of the wreck is less than the expenses. At the end of the day, it is the maritime authority who has to remove the wreck and pay huge amount with little possibility of reimbursement from the shipowner. This has imposed financial burden on the maritime authority, which normally has to bare the huge expenses of the removal. Under some circumstances, the wreck may remain in the navigable waters for a long period due to the fact that the maritime authority does not have enough money for the removal.

Therefore, there is a need to introduce a new special law to cover the whole spectrum of wreck removal, and particularly to establish a compulsory insurance regime in order to ensure the prompt removal of wrecks and solve the financial problem arising therefrom.

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<sup>3</sup> The DWRC channels the strict liability on the *Register Owner* as defined in Article 1(8).

<sup>4</sup> The Regulation on Wreck Removal of P. R. China came into force on Oct. 11, 1957

<sup>5</sup> See “2).Rights, obligations and procedure” in page. 3-4 of this paper.

Most provisions of the DWRC may be incorporated into the new Law, and certain amendments will be made according to the special circumstances of China.

### **The main features of the new Law are as follows**

#### **1). Scope of application and some important definitions**

The DWRC applies only to wrecks in the exclusive economic zones of the contracting States. But it allows State Parties to apply the same regime also to wreck in its territorial sea or waters subject to its jurisdiction.<sup>6</sup> As far as China is concerned, hazardous wrecks are usually located in ports or near coastal areas within the territorial sea, therefore, it would be important to extend the scope of application of the new Law to wrecks in the territorial sea and internal waters, apart from the exclusive economic zone.

With regard to the definition of “wreck” and “hazard”, it is better to have a broad explanation in order to include all possible dangers to navigation and marine environment. That may trigger the prompt intervention from the maritime authority to control and eliminate the damage or threat which may be caused by the wreck. For example, the maritime authority shall be entitled to take immediate measures to remove a ship that is about to sink or to strand or if the special cargo lost from a ship which may impair the safety of navigation. Therefore, the definition of “wreck” and “hazard” and the criteria of determining the hazard in the DWRC should be adopted by the new Law.

#### **2). Rights, obligations and procedure**

Rights and obligations of the parties involved in the wreck removal and the relevant procedure for removal are the essential issue of the new Law. The prevailing laws regulating this matter in China are to some extent controversial and ambiguous. For instance, the Maritime Traffic Safety Law<sup>7</sup> and the Regulation on Wreck Removal<sup>8</sup>

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<sup>6</sup> See Article 3 and Article 13 of DWRC

<sup>7</sup> Maritime Traffic Safety Law of P. R. China came into force on Jan. 1, 1984

stipulate that the shipowner or the ship operator shall bear all expenses incurred for the wreck removal while the other relevant regulation<sup>9</sup> provides that any party who causes the accident shall bear the expenses for wreck removal. This causes problems when it comes to deal with the matter where there is an overlap of the laws involving same case, especially in the case of a collision where two ships are both at fault. In cases when the shipowner of the wreck is incapable of providing the security or paying the costs, it is not clear whether the maritime authority may have the legal right to require the owner of the other ship to provide security. A possible solution would be to follow the text of the DWRC, with regard the strict liability of the shipowner<sup>10</sup> of the wreck.

A further measure which may be included in the new Law is to impose on parties, who may be liable for the casualty resulting in wreck, joint and several liability for the compulsory wreck removal. Under this regime, the maritime authority may require all parties to provide necessary security for the compulsory removal, and may latter require either party to pay for the expenses according to the proportion of the liability or the whole amount.

The present procedure for the compulsory removal in China is similar to those in the DWRC. Generally, after the hazard is determined, the maritime authority will give the shipowner a notice of the deadline and allow him to contract with a salvor to remove the wreck. The maritime authority is entitled to take compulsory removal on the expense of the shipowner if he fails to remove the wreck before the deadline. The procedures will be different when the wreck is determined to constitute a particularly severe hazard. In this situation, the maritime authority may take immediate steps to mitigate the hazard or remove the wreck without notification to the relevant parties. In case of the compulsory wreck removal, the maritime authority is entitled to sell the wreck after the removal to reimburse itself if the costs are not paid by the shipowner or any person on its behalf.

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<sup>8</sup> See fn.4.

<sup>9</sup> See Article 7 of Regulation on the Prevention of Vessel-induced Sea Pollution of P. R. China

<sup>10</sup> Strict liability is imposed on the *registered owner* as defined in the Article 3 of the new Law.

This right is recognized by the Regulation on Wreck Removal, 1957 and many countries<sup>11</sup> have similar legislation. This principle will be incorporated into the new Law.

### **3). Limitation of liability**

According to the Chinese Maritime Code, the shipowner is not entitled to limit his liability in respect of wreck removal<sup>12</sup>. As mentioned above, the DWRC does not create a new regime for the limitation of liability. It is up to the national law to regulate the issue. It is worthy noting that the International Convention on Limitation of Liability for Maritime Claims, 1976(LLMC 1976) allows a State Party to exclude wreck removal claims from the list of claims subject to limitation. Many countries have made reservation with this regard. For instance, the United Kingdom ratified the LLMC 1976 with the reservation to opt out of the wreck removal claim from the limitation regime. Consequently shipowners in UK are not entitled to limit their liability in respect of wreck removal.

Only a few countries allow the shipowner to limit his liability for wreck removal.<sup>13</sup> In order to protect the public interests and to solve the financial problem caused by the huge expenses for wreck removal, the appropriate approach is to impose the unlimited liability on the shipowner. As far as the insurers or security providers are concerned, the regime is not the same. The DWRC provides that they are entitled to limit their liability up to the amount of the insurance specified in the certificate attesting the insurance even the shipowner may not limit his liability. This regime is incorporated into the new Law.

### **4). Compulsory insurance and the right of direct action**

The cardinal part of the new Law on Wreck Removal is to establish compulsory insurance accompanied by the direct action regime. The main reason for introducing this

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<sup>11</sup> For example, see Section 252 of the UK Merchant Shipping Act 1995.

<sup>12</sup> See Article 207 of the Chinese Maritime Code.

<sup>13</sup> See “Comparative Analysis of National Laws Relating to Wreck Removal”, CMI Yearbook 1996, p.223. “...the shipowner may only limit his liability under the legislation of Sweden, Norway, Finland, Holland, Germany, Denmark, Italy, Finland, Poland and Indonesia for wreck removal.”

regime into Chinese legislation is to overcome the financial problem arising from the wreck removal operations as mentioned above. Under the present law, third parties do not have the right to sue the insurer and therefore they are unable to get compensation directly from the insurer. The obstacles prohibiting this to happen are the principle of “*privity of contract*” and the “*pay to be paid*” principle adopted in the Hull policy or P & I Clubs rules. According to the first principle, the third party is not the contractual party of the insurance contract. He shall not be entitled to enforce all or part of the insurance contract. The only remedy is to acquire the compensation from the shipowner. According to the second rule, the insurer only indemnifies the assured for sums paid by the assured to another person he is liable to pay. Therefore, the condition for claiming compensation from the insurer is that the shipowner shall discharge his liability first. A problem arises when the shipowner is bankrupt or fails to pay the expenses, as in such case the insurer may escape liability. In case of compulsory wreck removal, when the shipowner is insolvent, the maritime authority who undertakes the removal can not get the compensation from the insurer. This represents a serious problem.

The establishment of the compulsory insurance system may solve this. Under this regime, all ships meeting certain requirements shall maintain insurance or equivalent financial security to cover wreck removal. The party concerned, in particular the maritime authority who incurred expenses from the locating, marking or removing the wreck, may go after the shipowner as well as the insurer for the reimbursement. If the shipowner is insolvent or can not be found, the insurer will compensate the maritime authority for the cost. These provisions can be found in chapter VI and chapter VII in the new Law. But these new principals are not compatible with the old ones. So Article 28 of the new Law provides that the new Law will prevail over the old ones. By incorporating these provisions, the “*pay to be paid*” clauses and privity of the contract shall not be applicable where the new Law applies. Moreover, when the insurer is sued by the third party, he shall only be entitled to invoke the defences that the shipowner would have been entitled to invoke against the third party and the defence that the maritime casualty was caused by wilful misconduct of the shipowner. That is to ensure the right of the direct action would not be impaired by the policy defence.

The requirement of compulsory insurance in the new Law applies to ships exceeding 100 gross tonnage, and this requirement differs from the DWRC, as the latter stipulates the length of ship as the minimum size. However in China, it is common to set the minimum size of the ship by using the gross tonnage on similar issue. It is noted that a ship of 100 gross tonnage is about 25 meters in length which may cause certain hazard to the safety of navigation.

When addressing the amount of the insurance, the new Law will distinguish between ships registered in China and other ships. The reason is that China is not a Party to the LLMC 1976, so it is better to refer to the relevant provisions of the Chinese Maritime Code which actually follows the same regime of LLMC 1976 with respect to ship registered in China. While for the ships not registered in China, the new Law just incorporates the same provision in the Draft Convention to set the amount of insurance in accordance with the LLMC 1976.

The Maritime Safety Administration(MSA) of China will be empowered to supervise the implementation of the new law and related matters. . The MSA will be entitled to inspect the relevant certificate attesting the compulsory insurance of the ship calling any Chinese port and to detain the ship without appropriate insurance certificate.



*Order of the President of the People's Republic of China*

*No.—*

The Law on Wreck Removal of the People's Republic of China, adopted at the --- Meeting of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on----(date), is hereby promulgated and shall enter into force as of ----(date).

Hu Jintao

President of the People's Republic of China

----- (date)

# ***The Law on Wreck Removal of the People's Republic of China***

(Adopted at the ---Meeting of the Standing Committee of the Tenth National People's Congress  
on ----date)

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# **Chapter I**

## **General provisions**

### **Article 1**

This Law is formulated to ensure prompt removal of wrecks, so as to safeguard the maritime safety and to prevent marine pollution.

### **Article 2**

This Law shall apply to wrecks in the territorial sea and internal waters and the exclusive economic zone of the People's Republic of China. It shall apply to both Chinese and foreign ships, the registered owners and any other individual or legal persons concerned.

The Law shall not apply to warship or other ship owned or operated by a state and used for the time being, only on government non-commercial service.

### **Article 3**

In this law,

1. "Ship" means a vessel of any type whatsoever operating in the marine environment and includes hydrofoil boats, air-cushion vehicles, submersibles, floating craft, and floating platforms except when such platforms are on location engages in the exploration, exploration, exploitation or production of sea-bed mineral resources.

2. "Maritime casualty" means a collision of ships, stranding or other incident of navigation or other occurrence on board a ship or external to it resulting in material damage or imminent threat of material damage to a ship or its cargo.

3. "Wreck" means following upon a maritime casualty:

- (a) a sunken or stranded ship; or
- (b) any part of a sunken or stranded ship, including any object that is or has been on board such a ship; or

- (c) any object that is lost at sea from a ship and that is stranded, sunken or adrift at sea; or
- (d) a ship that is about, or may reasonably be expected, to sink or to strand, where an act or activity to assist the ship or any property in danger is not already under way.

4. "Hazard" means any condition or threat that:

- (a) poses a danger or impediment to navigation; or
- (b) may reasonably be expected to result in major harmful consequences to the marine environment, or damage to the coastline or related interests.

5. "Related interests" means the interests that is directly affected or threatened by a wreck, such as:

- (a) maritime coastal, port and estuarine activities, including fisheries activities, constituting an essential means of livelihood of the persons concerned;
- (b) tourist attractions and other economic interests of the area concerned;
- (c) the health of the coastal population and the well being of the area concerned, including conservation of marine living resources and of wildlife;
- (d) offshore and underwater infrastructure.

6. "Removal" means any form of prevention, mitigation or elimination of the hazard created by a wreck.

7. "Registered owner" means the person or persons registered as the owner of the ship or, in the absence of registration, the person or persons owning the ship, at the time of the maritime casualty. However in the case of a ship owned by a State and operated by a company which in that State is registered as the operator of the ship, "registered owner" shall mean such company.

8. "Operator of the ship" means the owner of the ship or any other organization or person such as the manager, or the bareboat charterer, who has assumed the

responsibility for operation of the ship from the shipowner and who, on assuming such responsibility, has agreed to take over all duties and responsibilities imposed by the International Safety Management Code.

#### **Article 4**

The Maritime Safety Administrations of the People's Republic of China, hereinafter referred to as the Maritime Authority, shall be responsible for implementing this Law.

## **Chapter II**

### **Reporting and locating wrecks**

#### **Article 5**

The operator of the ship and the master shall report without delay a wreck to the Maritime Authority. Such report shall include all relevant information necessary for the Maritime Authority to determine whether the wreck poses a hazard in accordance with the criteria in Article 8, including, inter alia:

- (a) the precise location of the wreck;
- (b) the size, type and construction of the wreck;
- (c) the nature of the damage to, and the condition of, the wreck;
- (d) the nature and quantity of the cargo, in particular any hazardous and noxious substances; and
- (e) the amount and types of oil, including bunker oil and lubricating oil, on board.

#### **Article 6**

Upon obtaining knowledge of existence of a wreck, if the wreck poses a hazard, the Maritime Authority shall use all practicable means, to establish the precise location of the wreck, and to urgently warn mariners through appropriate measures stipulated by relevant regulations.

### **Article 7**

If a wreck is determined to constitute a hazard, the Maritime Authority shall ensure that all reasonable steps are taken to mark the wreck. In marking the wreck, all practicable steps shall be taken to ensure that the markings conform to the internationally accepted system of buoyage in use in the area where the wreck is located. The particulars of the wreck marking shall be duly publicised.

## **Chapter III**

### **Determination of hazard**

#### **Article 8**

When determining whether a wreck poses a hazard, the following criteria, as appropriate, and without regard to the order in which they are presented shall be applied by the Maritime Authority:

- (a) size, type and construction of the wreck;
- (b) depth of the water in the area;
- (c) tidal range and currents in the area;
- (d) particularly sensitive sea areas identified and, as appropriate, designated according to guidelines adopted by the Organization, or a clearly defined area of the exclusive economic zone where special mandatory measures were adopted pursuant to article 211, paragraph 6, of the United Nations Convention on the Law of the Sea 1982;
- (e) proximity of shipping routes or established traffic lanes;
- (f) traffic density and frequency;
- (g) type of traffic;
- (h) nature and quantity of the wreck's cargo, the amount and types of oil (such as bunker oil and lubricating oil) on board the wreck and, in

particular, the damage likely to result should the cargo or oil be released into the marine environment;

- (i) vulnerability of port facilities;
- (j) prevailing meteorological and hydrographical conditions;
- (k) submarine topography of the area;
- (l) height of the wreck above or below the surface of the water at lowest astronomical tide;
- (m) acoustic and magnetic profiles of the wreck;
- (n) proximity of offshore installations, pipelines, telecommunications cables and similar structures; and
- (o) any other circumstances that might necessitate the removal of a wreck.

## **Chapter IV**

### **Rights and obligations to remove wrecks**

#### **Article 9**

If the Maritime Authority determines that the wreck constitutes a hazard, it shall immediately inform the registered owner. If the ship is not registered in China, the Maritime Authority shall also inform and consult the State of the ship's registry.

The registered owner shall remove a wreck determined to constitute a hazard.

The registered owner, or any other interested party, shall provide the Maritime Authority, when the wreck has been determined to be a hazard, with evidence of insurance or other financial security as required by article 19 and article 20.

#### **Article 10**

The Maritime Authority may set a reasonable deadline within which the registered owner must undertake the removal of the wreck taking into account the nature of the

hazard determined under article 8. The Maritime Authority shall inform the registered owner in writing of the deadline it has set and specify that, if the registered owner does not undertake the removal of the wreck within that deadline, the Maritime Authority can undertake the removal at the registered owner's expense.

#### **Article 11**

The registered owner may contract with any qualified salvor to perform the removal operation. The salvor shall apply to the Maritime Authority for the permission according to the relevant regulation. The Maritime Authority shall examine the competence of the salvor, the removal plan, and may require the salvor to provide necessary evaluation of the removal operation. The removal operation shall not commence unless it is authorised by the Maritime Authority. The Maritime Authority may not grant the permission or may suspend the operation if the removal operation is not in accordance with safety and environmental protection policies.

#### **Article 12**

If the registered owner does not remove the wreck within the deadline set under article 10, the Maritime Authority may undertake the removal of the wreck by the most practical and expeditious means available, consistent with considerations of safety and protection of the marine environment.

#### **Article 13**

If the Maritime Authority determines that the wreck constitutes a particularly severe hazard to maritime safety or the marine environment, and immediate action is required, it may undertake the removal or marking of the wreck by the most practical and expeditious means available. The registered owner shall be notified of the measures that have been taken by the Maritime Authority.

#### **Article 14**

The Maritime Authority may exercise the power to sell, in such a manner as the authority thinks fit, the wreck so removed or any other property received in the exercise



of the powers conferred by articles 12 and 13. Except when the property is of a perishable nature or which would deteriorate in value by delay, no sale shall be made until at least 30 days notice of the intended sale has been given by advertisement in a local newspaper circulating in or near the area over which the Maritime Authority has control.

The Maritime Authority is entitled to reimburse itself, out of the proceeds of the sale, for expenses incurred by it in marking, locating, and removing the wreck. Any surplus of the proceeds of a sale shall be held by the Maritime Authority in trust for the persons entitled thereto.

At any time before any property is sold, the owner of the property shall be entitled to have it delivered to him on payment of all the expenses of marking, locating, and removing of the wreck.

#### **Article 15**

If a wreck does not constitute a hazard, the registered owner shall apply to the Maritime Authority for its removal within one year after the date when the wreck was caused. The removal operation shall not commence unless it is authorised by the Maritime Authority.

#### **Article 16**

The ownership of wreck will be extinguished when the registered owner fails to remove the wreck within the deadline set out by the Maritime Authority under article 10, or in case of a wreck not constituting a hazard, he has not applied for the removal within one year after the date when the wreck is caused.

## **Chapter V**

### Financial liability

#### **Article 17**

The registered owner shall be liable for the costs of locating, marking and removing the wreck under articles 6, 7, 9, 12 and 13, respectively, unless the registered owner proves that the maritime casualty that caused the wreck:

- (a) results from an act of war, hostilities, civil war, insurrection, or a natural phenomenon of an exceptional, inevitable and irresistible character;
- (b) was wholly caused by an act or omission done with intent to cause damage by a third party; or
- (c) was wholly caused by the negligence or other wrongful act of any Government or other authority responsible for the maintenance of lights or other navigational aids in the exercise of that function.

Nothing in this article shall prejudice any right of recourse against third parties. When a casualty involving two or more ships which all the parties are at fault, the liability of the parties concerned for the costs mentioned in paragraph 1 of this article shall be joint and several.

The Maritime Authority may require the registered owner of the wreck and/or other interested parties who are wholly or partly liable for the maritime casualty to provide appropriate security.

#### **Article 18**

The registered owner shall not be liable under this law for the costs mentioned in article 17, paragraph 1 if, and to the extent that, liability for such costs would be in conflict with the International Convention on Civil Liability for Oil Pollution Damage, 1969, as amended.

To the extent that measures under this Law are considered to be salvage under Chinese law or an applicable international convention, such law or convention shall apply to questions involving the remuneration or compensation payable to salvors to the exclusion of the rules of this Law.

## **Chapter VI**

### Financial security

#### **Article 19**

The registered owner of a ship of 100 gross tonnage or above registered in China shall maintain insurance, or other financial security such as a guarantee of a bank or similar institution, to cover liability under this Law in an amount at least equal to the limits of liability in accordance with article 210 (2) of the Maritime Code of the People's Republic of China or article 3(2) of the Regulation on the Limitation of Liability for Sea-Going Ships of less than 300 gross tonnage of the People's Republic of China. The State Council may stipulate regulations on compulsory maritime insurance concerning wreck removal.

A certificate attesting that insurance is in force in accordance with the provisions of the Law shall be issued to each ship of 100 gross tonnage or above registered in China by the Maritime Authority after determining that the requirement of paragraph 1 of this article has been complied with. Any ship without the insurance as provided in paragraph 1 shall not be entitled to be registered.

This certificate shall contain the following particulars:

- (a) name of the ship, distinctive number or letter and port of registry;
- (b) name and principal place of business of the registered owner;
- (c) IMO ship identification number;
- (d) type and duration of security;

(e) name and principal place of business of insurer or other person giving security and, where appropriate, place of business where the insurance or security is established;

(f) period of validity of the certificate, which shall not be longer than the period of validity of the insurance or other security.

The certificate shall be carried on board the ship and a copy shall be deposited with the Maritime Authority.

#### **Article 20**

A ship of 100 gross tonnage or above not registered in China calling at any Chinese port shall maintain an insurance, or other financial security such as a guarantee of a bank or similar institution, to cover liability under this Law in an amount at least equal to the limits of liability in accordance with article 6(1)(b) of the International Convention on Limitation of Liability for Maritime Claims, 1976, as amended. The ship shall carry the relevant certificate attesting the insurance or other financial security on board.

#### **Article 21**

An insurance or other financial security shall not satisfy the requirements if it can cease for reasons other than the expiry of the period of validity of the insurance or security specified in the certificate.

#### **Article 22**

The master shall report the status of the insurance and the identification information of the ship to the Maritime Authority before entering a Chinese port. The agent or the shipowner in China may act in the master's place for the reporting. A ship without a valid financial security certificate as required by this Law will be denied entry to the port. The Maritime Authority is entitled to inspect the relevant certificate as required by this Law. If the master fails to produce the financial security certificate, the master and/or the shipowner may be penalized and the ship may be detained by the Maritime Authority.

## **Chapter VII**

### **Direct action against the insurer**

#### **Article 23**

Any claim for compensation arising under this law may be brought directly against the insurer or other person providing financial security for the registered owner's liability. In such a case the defendant may invoke the defences (other than the bankruptcy or winding up of the registered owner) that the registered owner would have been entitled to invoke. Furthermore, even if the registered owner is not entitled to limit liability, the defendant may limit liability to an amount equal to the amount of the insurance or other financial security required or to be maintained in accordance with articles 19 and 20. Moreover, the defendant may invoke the defence that the maritime casualty was caused by wilful misconduct of the registered owner himself, but the defendant shall not invoke any other defence, which the defendant might have been entitled to invoke in proceedings brought by the registered owner against the defendant. The defendant shall in any event have the right to require the registered owner to be joined in the proceedings.

## **Chapter VIII**

### **Jurisdiction**

#### **Article 24**

Any action arising from the wreck removal for the compensation against the registered owner, the insurer or other person providing security for the registered owner's liability may be brought only before the Maritime Court in the People's Republic of China.

## **Chapter IX**

### **Time-bar**

#### **Article 25**

Rights of compensation under this Law shall be extinguished unless an action is brought hereunder within three years from the date when the hazard has been determined in accordance with article 8. However, in no circumstance shall an action be brought after six years from the date of the maritime casualty which resulted in the wreck. Where this maritime casualty consists of a series of occurrences, the six-year period shall run from the date of the first occurrence.

## **Chapter X**

### **Penalty**

#### **Article 26**

The Maritime Authority may impose a civil penalty on whoever violates any provision of this Law, or any regulation issued thereunder, taking into account the nature of violations. The amount of the civil penalty shall not exceed RMB 100,000 for each violation.

## **Chapter XI**

### **Supplementary Provisions**

#### **Article 27**

The regulations relating to a foreign salvor or person engaged in the wreck removal operation are subject to the Measures Governing the Participation of Foreign Firms in the Salvage of Sunken Ships and Objects in the Chinese Coastal Waters promulgated on July 12, 1992.

**Article 28**

Statutes and regulations pertaining to wreck removal hitherto promulgated that are inconsistent with this Law shall be null and void, and the latter shall prevail.

**Article 29**

This Law shall come into force on date/month/year.