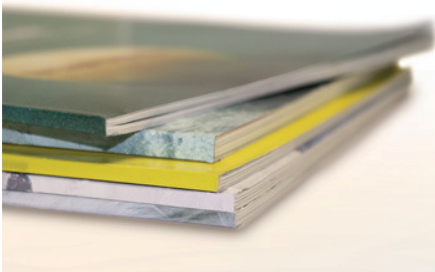


Isle of Man Ship Registry is Ship Shape

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BY ROBYN WOOD

2009 saw the Isle of Man Ship Registry (the “Registry”) celebrate 25 successful years as an international ship registry. Part of the British Red Ensign, the Isle of Man flag remains popular with owners and lenders alike and now boasts in excess of 12 million gross tonnage. The establishment of the international register in 1984 was preceded by long maritime history in the Isle of Man with the first ships being registered in 1786. The Isle of Man has developed into a “Shipping Centre of Excellence” and is home to international companies offering specialist maritime services in both ship and yacht management, finance, maritime insurance, maritime law and company formation.

The popularity of the Isle of Man flag can be attributed to many factors. The Registry is a Category One British Registry, and as such is qualified and equipped to register and maintain international safety convention status for vessels of all

sizes and classes. As a British ship, Isle of Man flagged vessels are entitled to protection and assistance from the British Royal Navy and access to British consular services worldwide.

The Registry ensures that Isle of Man vessels comply with applicable international maritime conventions and is therefore well respected internationally. The Registry’s reputation for high levels of quality and service has enabled the Isle of Man’s ‘Red Ensign’ to become the flag of choice for many of the world’s largest shipping corporations. It is also the reason the Registry consistently ranks highly on the Annual Flag Performance Table published by the Round Table of international shipping associations. The Registry is highly regarded by the world’s Port State Control Authorities and is on the Tokyo Memorandum of Understanding, Paris Memorandum of Understanding white lists, and is a member of the US Qualship 21 programme.

Surveys

In addition to the Registry's affiliation with global classification societies such as Lloyds Register, Det Norske Veritas, Bureau Veritas, Registro Italiano Navale, Nippon Kaiji Kyokai (Class NK), American Bureau of Shipping and Germanischer Lloyd, the Registry has a highly responsive and experienced team of surveyors, maintaining an active survey and audit programme. Being a registry committed to maintaining high standards and its international reputation, the Registry will refuse to register any vessel that does not comply with international standards.

The Registry strives for continual improvement in its services to clients and is quick to react, where necessary, to current market demand and conditions. For example, the policy where there was an absolute requirement for an Isle of Man surveyor to visit and inspect each vessel prior to registration has been changed. As a result of improved data and intelligence on ship performance, the Registry is now able to waive this requirement for vessels under 10 years of age, which satisfies the Registry's vetting process for both vessel and company performance and this includes new buildings. This has the effect of reducing the initial cost of registering to the owner and assists the registration process. The Registry effectively provides 24/7 cover for both registration and survey requirements, and provides experienced professionals who are able to offer efficient support, assistance and pragmatic solutions to their customers.

Registration Fees

The Registry is not in itself a profit making organisation for the Isle of Man Government - it is primarily a vehicle for generating income through local professionals and businesses serving the local shipping sector. There is an initial registration fee payable on registration of a vessel and thereafter, with effect from April 2010, an annual registration fee of £700 per vessel regardless of vessel size. There are no "tonnage taxes", consular fees, no annual inspection fees and no charges on casualty investigation.

Owners and managers of merchant ships have the option to enter their vessels into an Alternative Fees Scheme which allows for two visits by an Isle of Man surveyor in a five year period. Owners who opt for this scheme pay a fixed monthly subscription and in return the Registry appoints the vessel's classification society to undertake routine statutory surveys. The Isle of Man surveyors attend to and complete ISM audits, ILO inspections, ISPS verifications and general inspections at the statutory intervals, at no further cost to the owner. Commercial yachts are automatically entered in the Alternative Fees Scheme on registration. The scheme ensures predictable and reasonable fees for registry on the Isle of Man flag and is extremely cost effective.

Ship Mortgages

The reputation of the Registry ensures its continuing popularity with those involved in the financing of vessels. As a common law jurisdiction, the laws of the Isle of Man are familiar to lenders providing an added degree of comfort to lenders and owners alike. The

registration of mortgages is straightforward and the **Isle of Man Merchant Shipping Registration Act 1991** (the “Act”), sets out clear priorities for mortgages following established English law principles.

The prescribed form of a ship mortgage is similar to the English form of ship mortgage and is a short form document. Accordingly, deeds of covenant are generally required by lenders to be granted as additional security. In addition to any rights set out in any security documents there is express power under the Act for any registered mortgagee, if the mortgage money or any part of it is due, to sell the vessel (or any relevant share in it) and to give effectual receipts for the purchase money. The mortgage registration procedure is efficient and the Registry staff will make themselves available at any time to accommodate closing requirements, proving

immensely helpful where transactions are particularly time sensitive or outside GMT.

The familiarity of established English law principles, together with the high quality service the Registry provides and the reputation of the Isle of Man flag make the Register an attractive choice for both owners and lenders. Add to this the availability of shipping sector professionals such as lawyers, ship managers, corporate service providers, along with reasonable cost, the Red Ensign, no tonnage dues, favourable tax regime and full political support you undoubtedly have a winning combination.

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