

# SHIPMAN 2024 – BIMCO’s New Standard Form Ship Management Agreement

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**PRACTICES** Ship Sale and Purchase, Autonomous Transportation, Ship Construction and Conversion, Shipping

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BIMCO has launched SHIPMAN 2024, a standard form ship management agreement that may include crew, technical and commercial management as well as insurance agreements in respect of a ship.

As one of the most widely used ship management agreements in the shipping industry, the latest edition of SHIPMAN has been highly anticipated. First published in 1988, with updates in 1998 and 2009, changes in ship management practices along with the need to include a number of freestanding BIMCO clauses as riders justified an overall review of the SHIPMAN agreement. The revised agreement was approved by BIMCO’s Documentary Committee in March 2024, and the 2024 edition of the agreement published in April 2024.

## Structure and Layout

The standard form agreement is divided into seven main sections, comprising Part I and Part II followed by Annexes A through to E. A summary of Part I, Part II and the Annexes is set out below:

### *Part I: traditional box layout*

As the section of the agreement used to detail the deal-specific information agreed between the parties, Part I has not been extensively modified. However, the standard box layout has been updated to reflect changes in the detailed agreement, namely provisions on emission trading scheme allowances and predelivery management fees. Helpfully, a new box at the top of Part I allows parties to state the name of the vessel and its IMO number, ensuring that this fundamental information is easily located.

### *Part II: detailed clauses*

This part begins with a list of defined terms. Some notable new definitions have been included to reflect new provisions on managers’ use of affiliates when providing ancillary services, predelivery services and change of control. The outdated term “shipwreck unemployment indemnity” has been removed from the definition of “Crew Insurances”. A new definition of “Delivery” features because of the division of management fees into two categories, specifically predelivery management fees and annual management fees.

The remainder of Part II contains the standard provisions of which some have been amended and others introduced under this 2024 edition.

### Authority of Managers (clause 3)

The provisions of this clause establish the overarching principle that SHIPMAN is an agency agreement, most appropriate for full management or technical management rather than crew

management alone<sup>1</sup> and are largely unchanged from 2009. However, notice should be given to the second sentence of the clause, which provides managers with the right to take such action or actions as they may in their absolute discretion consider necessary to perform the agreed management services. This new wording is intended to clarify that managers are required to adhere to “applicable” law and regulations rather than “relevant ones”.

## Technical Management (clause 4)

This clause sets out a non-exhaustive list of the technical management services that the managers will provide, if required to do so by Box 6. Amendments include the re-instatement of subclause (d) concerning the operation of a drug and alcohol policy as well as in subclause (i), with “bunkers” being replaced with “fuels, as applicable” to account for the role of technical managers in arranging the supply of fuels to vessels as well as the rise of alternative fuels.

## Commercial Management (clause 6)

Under this clause, managers are required to provide commercial management services in accordance with the owner’s instructions. There are several services listed, although these are not exhaustive. Contrasted with SHIPMAN 2009, subclause (c) addresses the managers’ collection of emission allowances due from charterers to owners, and the previous reference to “Management Fee” has been reconfigured to “annual management fee”, reflecting the distinction from the predelivery management fee.

## Managers’ Obligations (clause 8)

It remains the case that managers are obliged to use “their best endeavours” to provide management services to the owners in accordance with “sound management practice” and to protect and promote the interests of the owners in all matters related to the provision of the services under the agreement. This is an onerous obligation.

The second paragraph of subclause (a) defines the overall responsibility of the managers in relation to all vessels entrusted to their management. This clause has been amended and the language simplified by way of replacing the reference to “available supplies, manpower and services” with “available personnel and resources”.

Per subclause (b), the managers are obliged to comply with the applicable flag state laws in the provision of services and, if they are providing technical management services, they must also agree to being designated as the “Company” for ISM/ISPS purposes. This reflects an amendment, in that the manager’s nominee as identified in Box 5, may be the one appointed as the company responsible for ISM/ISPS compliance.

## Owners’ Receivables and Expenses (clause 12)

This clause, which specifies that all monies collected by the managers under the terms of the agreement (including interest) shall be held to the credit of the owners in the bank account, now specifies that that bank account should be one “nominated” by the owners, not a “separate bank account”. A new subclause (d) has also been added to address the situation where the managers aid in collecting emission allowances.

## Management Fees and Expenses (clause 13)

A new feature of SHIPMAN 2024, owners must now pay a pre-delivery management fee to the managers, which addresses the fact that managers often start work before the date of

commencement of the agreement. The pre-delivery management fee remains payable even if delivery of the ship does not occur for any reason (other than default by the managers), which aims to cover scenarios where non-delivery due to a force majeure event occurs where the pre-delivery services would have been performed and the managers should therefore be compensated.

## New Clauses

There are several new clauses introduced in SHIPMAN 2024. Clause 10 on Emission Trading Scheme Allowance incorporates the BIMCO Emission Trading Scheme Allowance Clause 2023 (and in this context it is of note that SHIPMAN 2024 strongly encourages parties to read the separate explanatory notes for the 2023 clause), Clause 21 on Managers' Information Systems allows owners access to ship-related data via the managers' information platform, safeguarding manager's IP rights and digital access. Clause 22 on Vessel's Information and Data was introduced to address the necessity for owners to retain data ownership, while clause 27 on Cyber Security has been included to implement robust measures to protect digital environments. Clause 40 on Confidentiality is a new inclusion as well, designed to safeguard parties from the disclosure of confidential information or data to third parties.

## *Annexes A through to E*

Similar to the prior editions of the agreement, SHIPMAN 2024 has five annexes which detail information on the types of vessels covered by the agreement (Annex A), crew (Annex B), budget (Annex C), associated vessels (Annex D) and the fee schedule (Annex E).

## **Commentary**

The primary issues targeted by SHIPMAN 2024 are requirements related to emission trading schemes, sanctions, cyber security and anti-corruption. However, the amendments made to managers' right to use affiliates, predelivery costs and fees and access to as well as the ownership of vessel data are significant. Although SHIPMAN 2024 is reflective of geopolitical developments and should assist in the shipping industry's decarbonisation efforts, the changes made regarding predelivery and the definition of delivery mark a stark shift and the new standard form definition of Delivery does not appear to address the situation where the Company (as defined in the SHIPMAN 2024) is not the manager but a third party nor (noting the intentionally evergreen nature of the SHIPMAN) circumstances in which the identity of the Company is changed by the owner. It will be interesting to see how the sector responds to the agreement and whether it is used in its proposed form or is subject to amendments particularly in these situations.

SHIPMAN 2024 is not the only ship management agreement which BIMCO has been developing. They have been working on a new third-party management agreement, AUTOSHIPMAN, the industry's first standard contract aimed at the growing inland water sector operating remotely controlled vessels. It is said that this will provide not only for remote operation but also fully autonomous services<sup>2</sup>.

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<sup>1</sup> BIMCO have specialist crew management agreements, CREWMAN A (whereby a crew manager acts as agents for owners) and CREWMAN B (whereby a crew manager employs crew and act in their own name).

<sup>2</sup> For our consideration of the specific issues to be addressed in AUTOSHIPMAN to make it suitable for autonomous vessels, see Mark Johnson and Fiona Cain, "[AUTOSHIPMAN: Creating a New Standard Form Agreement](#)".