



LLOYD'S MARKET ASSOCIATION

Rt.Hon.Ruth Kelly M.P.
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14.2.2008

SS Richard Montgomery

Dear Minister,

I write with regard to the SS "Richard Montgomery", the wrecked Liberty ship lying in 15 metres of water roughly one and a half miles from Southend which is marked on charts and has a 500 metre (traffic) exclusion zone around it.

Over the years, the wreck has been assumed to be benign, but having recently been made aware of the correspondence between your department and Mr. Barker from July 2007 (7th November letter enclosed), it would not appear possible to continue this assumption.

From an insurance point of view, where there is risk, insurers must allow for the worst case. Market practitioners have concerns over the stability of the ship and would be grateful to know what actions you will be taking in this case.

Yours faithfully,

Neil Roberts
Senior Executive

cc Theresa Crossley



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22nd April 2008

Dear Minister,

I wrote to you in February on the subject of the Richard Montgomery but have not had a response. I am now writing to inform you that having been made aware of the recent correspondence with Mr Barker, it was thought prudent to canvas other informed and independent opinion in order to ascertain the potential liabilities of Lloyd's insurance market underwriters.

Our research supports the technical points made by Mr. Barker, particularly the central contention that this wreck could detonate and would explode given the right set of unfortunate circumstances. These could include a collision incident which in our view is impossible to rule out. It is reasonably foreseeable that an inexperienced crew could lose their bearings in a fog or that a loss of engine power could occur in similar wind conditions to those which caused the vessel to ground originally.

Whilst it is understood that no official detailed modelling has taken place, independent opinion estimates a considerable blast zone causing major structural damage over a distance of several miles with corresponding loss of life far beyond that. It is believed that an event of this magnitude, far exceeding Flixborough or Buncefield, would be more costly than the economic loss pursuant to a closure of the river for a period of weeks while the bombs are removed or made safe. The nearest equivalent incident is the Halifax Nova Scotia explosion which killed 1,900 people and injured 4,000 in December 1917.

It would seem to be in the public interest to clear this wreck, and that a decision to wait and see would be very hard to justify after the event. The Thames Gateway project is another complicating factor. As mentioned in the previous letter, where there is risk, insurers must allow for the worst case and market practitioners would be grateful to know what actions you will be taking in this case.

It is our understanding that the government owns the wreck, and thus any consequent liabilities for policies of indemnity (eg property) would be met from government funds. In the first instance, the insurers would bear the life, contingency and marine exposures such as ships and pollution. Please confirm this is correct and who insurers would subrogate against if they sought to recover their losses.

Yours sincerely,

Neil Roberts
Senior Executive

Cc Theresa Crossley