

**CIRCULATED TO ALL TANKER MEMBERS
ATTENTION INSURANCE DEPARTMENT**

**1 JANUARY 2003
JPC**

UNITED STATES OIL POLLUTION COVER - 2003/2004 POLICY YEAR

Clubs whose Members are carrying persistent oil to or from the United States will again have to pay an increased contribution towards the cost of the International Group Excess Loss Reinsurance Contract. This additional cost will be passed on to the Members concerned.

For the 2003/2004 policy year the surcharge for ships without segregated ballast tanks (as defined below) will amount to 14.28 US cents per gross ton per voyage; for ships with segregated ballast tanks the surcharge will be 12.60 US cents per gross ton per voyage; in each case there will be a maximum charge or "cap" of twenty voyages. The surcharge will apply to all tankers carrying out a US voyage, as defined below, and carrying persistent oils, also as defined below. Tankers of 1,000 gt or less will have the option of either making voyage declarations in the same way as tankers over 1,000 gt on a flat contributory tonnage of 1,000 gt, or of paying a single annual premium of US\$2,856 (US\$2,520 for ships with segregated ballast tanks).

The following special provisions will apply to parcel tankers for the 2003/2004 policy year:

1. Parcel tankers which never carry more than 5,000 mt of persistent oil on any voyage may either pay a single annual premium of US\$8,560 (US\$7,560 for ships with segregated ballast tanks) or may make voyage declarations, in which case the tonnage on which the surcharge will be calculated will be 3,000 gt.
2. Parcel tankers which carry between 5,001 mt and 10,000 mt of persistent oil must make voyage declarations in which case the surcharge will be calculated on a fixed contributing value based upon 7,500 gt.
3. Parcel tankers which sometimes carry more than 10,000 mt of persistent oil must make voyage declarations, in which case the surcharge will be calculated on the full gt of the ship except on voyages where 10,000 mt or less of persistent oil are carried, when the surcharge will be calculated on 7,500 gt (if between 5,001 and 10,000 mt) or on 3,000 gt (if 5,000 mt or less).

The amount of the surcharge will be halved in respect of cargoes exclusively discharged at LOOP (Louisiana Offshore Oil Port) or exclusively transferred to another ship at a place approved by the US Coast Guard and in the exclusive economic zone ("EEZ") as defined in OPA 1990.

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NORTH OF ENGLAND P&I ASSOCIATION LIMITED 100 The Quayside, Newcastle upon Tyne, UK, NE1 3DU
Telephone: +44 (0) 191 2325221 Fax: +44 (0) 191 2610540 www.nepia.com

The North of England Protecting and Indemnity Association Limited. Registered in England No. 505456. Registered Office above
Hong Kong: Room 2503, COSCO Tower, 183 Queen's Road, Central, Hong Kong Telephone: +852 25446813 Fax: +852 25424424
Greece: 5-7 Aghiou Nikolaou, GR 185 37 Piraeus, Greece Telephone: +30 210 4283038 Fax: +30 210 4280920.
Singapore: 80 Anson Road, #26-04 Fuji Xerox Towers, Singapore 079907 Telephone: +65 64110160 Fax: +65 62240160.
Tokyo: Akiyoshi Kyobashi Building, 8th Floor, 1-17-2 Kyobashi, Chuo-ku, Tokyo, Japan 104-0031 Tel: +81 (3) 5159 5373 Fax: +81 (3) 5250 0003
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Declarations

It will again be necessary to follow a procedure whereby the Club is regularly advised of US voyages in order that the surcharge may be applied. It is proposed, therefore, that unless prior arrangement is reached, the Club's cover for all tankers will incorporate the following Exclusion Clause with effect from 20 February 2003.

"Excluding any and all claims in respect of oil pollution arising out of any incident to which the US Oil Pollution Act 1990 is applicable".

The above Exclusion Clause will apply unless the Member agrees to undertake:

1. to make quarterly declarations in arrears, at the latest within 2 months of each quarter ending 20 May, 20 August, 20 November and 20 February as to whether the tanker has made any cargo voyages to or from the USA or to US waters and, if so, the number of such voyages and the nature of cargo (persistent oil or other cargo) and the port or place of loading or discharging; and
2. to pay such additional premium in respect of such voyages as may be agreed between the Association and the Member.

Members requesting removal of the Exclusion Clause will again have to provide declarations which will have to be returned to the Club within 2 months of the end of each quarter, failing which US Coast Guard Certificates will be withdrawn without further notice.

JP CRICHTON
JOINT MANAGING DIRECTOR - North Insurance Management Limited
As Managers on behalf of the North of England P&I Association Limited

Definitions:

Parcel tanker: A ship constructed or adapted primarily to carry cargoes of noxious liquid substances in bulk, and capable of carrying at least ten grades simultaneously, having been issued with an international certificate of fitness for the carriage of dangerous chemicals in bulk.

Segregated ballast tanks: A ship will be deemed to have segregated ballast tanks if it is equipped in accordance with the requirements of Regulation 13 of Annex I to MARPOL 73/78.

US Voyage: Any cargo voyage involving loading or discharging cargo at any port or place in the USA or within the EEZ as defined in the OPA 1990. USA includes District of Columbia, Puerto Rico, Guam, American Samoa, US Virgin Islands and Northern Marianas.

Persistent Oils: All hydro-carbon mineral oils other than those falling within the definition of non-persistent oils described below.

Non-Persistent Oils: Oils which consist of hydro-carbon fractions:-

- (a) at least 50% of which, by volume, distils at a temperature of 340 degrees C; and
- (b) at least 95% of which distils at a temperature of 370 degrees C when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

For your guidance, the following oils are non-persistent:

LNG

LPG

Gasolines (AVGAS/MOGAS)

White Spirit

Kerosenes (Domestic, tractor, aviation, No.1 fuel)

Distillates (Gas oil, heating oil, auto diesel, No.2 fuel)

Gasoline blending components (naphthas)