

22nd January 1998

TO ALL MEMBERS

Dear Sirs,

OBO's AND CLEAN TANKERS 1998/99 POLICY YEAR

At the moment, in the case of OBO's or clean tankers, the terms of entry must either contain a warranty that the ship is trading dry (in the case of an OBO) or with clean products (in the case of a tanker) or in the absence of such a warranty the ship will attract the full annual dirty tanker reinsurance cost. If an OBO or a tanker trades with dirty products at any time during a Policy Year the full annual dirty tanker reinsurance cost is payable.

For the forthcoming Policy Year, it has been decided to assess such ships on a quarterly rather than annual basis. This means that the full dirty tanker reinsurance cost will apply in any quarter unless the Member accepts a warranty that, for that quarter, the ship will trade dry in the case of an OBO or clean in the case of a tanker. If at any time during any quarter the ship trades with dirty products then the full dirty tanker reinsurance cost applies for that quarter. The applicable quarters are 20th February to 20th May, 20th May to 20th August, 20th August to 20th November and 20th November to 20th February.

If any Member would like to discuss this matter further, they should contact the Managers.

Yours faithfully,
A. BILBROUGH & CO.LTD.
(Managers)