

22nd January 1998

TO ALL MEMBERS

Dear Sirs,

TANKERS VOYAGING TO AND FROM THE UNITED STATES - 1998/99 POLICY YEAR

The Managers advised Members in the Association's Circular 5:156 dated 27th December 1990 that vessels carrying persistent oil to or from the United States would be surcharged, to protect the International Group Pooling and Excess Loss Reinsurance arrangements against the distorting effect of the likely increased costs resulting from the United States Oil Pollution Act 1990 ("OPA 1990"), and legislation enacted by various States. Similar arrangements applied for subsequent Policy Years, subject to annual variations in the surcharge rates. The Association's Circular T:023 dated 17th January 1997 detailed the arrangements to apply for the 1997/98 Policy Year.

The Committee continues to recognise that some concession should be made to vessels with segregated ballast tanks, and has therefore decided that for the Policy Year from Noon 20th February 1998 to Noon 20th February 1999 a lower surcharge rate will apply to such vessels.

Vessels equipped with segregated ballast tanks in accordance with the requirements of Regulation 13 of Annex 1 to MARPOL 73/78 will be surcharged at a rate of 14 U.S. Cents per gross ton, per voyage, subject to a maximum charge or "cap" of 20 voyages in the Policy Year.

Vessels not equipped with segregated ballast tanks in accordance with the requirements of Regulation 13 of Annex 1 to MARPOL 73/78 will be surcharged at a rate of 16 U.S. Cents per gross ton, per voyage, also subject to a maximum charge or "cap" of 20 voyages in the Policy Year.

As in previous years, the surcharge will apply to all tankers carrying out a U.S. voyage, and carrying persistent oils.

Whichever surcharge rate applies, the amount 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 U.S. Coast Guard and in the exclusive economic zone ("EEZ") as defined in OPA 1990.

In the case of tankers of 3,000 g.t. or less, the surcharge applying to all U.S. trading vessels carrying persistent oils will be, at Owners' option, either:

- a) A standard surcharge of US\$9,600 for full or part year; or
- b) US\$480 per voyage subject to a "cap" of 20 voyages in the Policy Year.

However, should tankers of 3,000 g.t. or less carry segregated ballast tanks in accordance with the requirements of Regulation 13 of Annex 1 to MARPOL 73/78 then the surcharge applying to all such U.S. trading vessels carrying persistent oils will be, again at Owners' option, either:

- a) A standard surcharge of US\$8,400 for full or part year; or
- b) US\$420 per voyage subject to a "cap" of 20 voyages in the Policy Year.

Parcel Tankers

As for previous years, special considerations will continue to apply to parcel tankers as follows:

Definition: Ships constructed or adapted primarily to carry cargoes of noxious liquid substances in bulk, and capable of carrying at least 10 grades simultaneously, having been issued with an international certificate of fitness for the carriage of dangerous chemicals in bulk.

Vessels falling within the definition of **Parcel Tankers** can be separately declared and the surcharge premium equivalent to a vessel under 3,000 g.t. will apply when 5,000 tonnes or less of persistent oil are carried.

Varying the charging basis that applied in 1997/98, where between 5,001 and 10,000 tonnes of persistent oil are carried the premium surcharge equivalent to a vessel of 7,500 g.t. will apply: US\$1,050 per voyage if fitted with SBT's or US\$1,200 without SBT's.

For U.S. voyages where more than 10,000 tonnes of persistent oil are carried, the vessel's full g.t. should be declared and a voyage premium based on the full g.t. will apply. The maximum annual premium payable by parcel tankers will not exceed the equivalent of 20 voyages.

Declarations

The Club's cover for all tankers capable of carrying oil in bulk as cargo will continue to incorporate the following Exclusion Clause: "Excluding any and all claims in respect of oil pollution arising out of any incident to which the U.S. Oil Pollution Act 1990 is applicable". The Exclusion Clause will apply unless Members agree before 20th February 1998 to undertake (1) to make quarterly declarations in arrears, at the latest within two months of the end of each quarter shown on the attached declaration forms, and (2) to pay the additional premium required in respect of voyages to or from the USA or to U.S. waters. However, requests from Members in previous years for the lifting of the Exclusion Clause will be treated as applying also to 1998/99, and such Members need therefore take no action until the first declaration form is due to be returned, unless they wish the Exclusion Clause to be reinstated, in which case they should contact the Managers.

Voyage declaration forms for each of the four quarters ending 20th May 1998, 20th August 1998, 20th November 1998 and 20th February 1999 are attached to this Circular. Members should state explicitly on the declaration forms if vessels are equipped with SBT's as defined above, or not so equipped. In the absence of an explicit declaration, it will be assumed that vessels are not equipped with SBT's, and the higher rate of additional premium will apply. Definitions of U.S. voyages and persistent oils are shown on the back of the declaration forms, although the lists are not exhaustive. Members should please contact the Managers if further forms are required.

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

THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED
U.S. VOYAGE QUARTERLY DECLARATION
 PERIOD 20TH FEBRUARY 1998 TO 20TH MAY 1998
 TO BE RETURNED TO CLUB BY 20TH JULY 1998

N.B. It will be assumed that vessels are not equipped with SBT's as defined overleaf, unless explicitly declared to be so equipped in the box below.

NOTE	TANKER NAME(S) VOYAGE DETAILS	Equipped with SBT's:		Equipped with SBT's:	
		YES <input type="checkbox"/>	NO <input type="checkbox"/>	YES <input type="checkbox"/>	NO <input type="checkbox"/>
1	Voyage 1 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 2 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 3 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 4 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				

Member's authorised signatory _____

THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED
U.S. VOYAGE QUARTERLY DECLARATION

PERIOD 20TH MAY 1998 TO 20TH AUGUST 1998
 TO BE RETURNED TO CLUB BY 20TH OCTOBER 1998

N.B. It will be assumed that vessels are not equipped with SBT's as defined overleaf, unless explicitly declared to be so equipped in the box below.

NOTE	TANKER NAME(S) VOYAGE DETAILS	Equipped with SBT's:		Equipped with SBT's:	
		YES <input type="checkbox"/>	NO <input type="checkbox"/>	YES <input type="checkbox"/>	NO <input type="checkbox"/>
1	Voyage 1 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 2 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 3 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 4 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				

Member's authorised signatory _____

THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED
U.S. VOYAGE QUARTERLY DECLARATION

PERIOD 20TH AUGUST 1998 TO 20TH NOVEMBER 1998
 TO BE RETURNED TO CLUB BY 20TH JANUARY 1999

N.B. It will be assumed that vessels are not equipped with SBT's as defined overleaf, unless explicitly declared to be so equipped in the box below.

NOTE	TANKER NAME(S) VOYAGE DETAILS	Equipped with SBT's:		Equipped with SBT's:	
		YES <input type="checkbox"/>	NO <input type="checkbox"/>	YES <input type="checkbox"/>	NO <input type="checkbox"/>
1	Voyage 1 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 2 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 3 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 4 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				

Member's authorised signatory _____

THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED
U.S. VOYAGE QUARTERLY DECLARATION

PERIOD 20TH NOVEMBER 1998 TO 20TH FEBRUARY 1999

TO BE RETURNED TO CLUB BY 20TH APRIL 1999

N.B. It will be assumed that vessels are not equipped with SBT's as defined overleaf, unless explicitly declared to be so equipped in the box below.

NOTE	TANKER NAME(S) VOYAGE DETAILS	Equipped with SBT's:		Equipped with SBT's:	
		YES <input type="checkbox"/>	NO <input type="checkbox"/>	YES <input type="checkbox"/>	NO <input type="checkbox"/>
1	Voyage 1 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 2 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 3 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				
1	Voyage 4 (if no US voyages enter "None")				
2	Date loaded (L) / Discharged (D)				
3	Port/Location (Port name/LOOP/Offshore)				
4	Type of cargo: Persistent (P) / Non-persistent (NP) / Chemical (Chem) / Other (O) If not (P) specify cargo				

Member's authorised signatory _____

INSTRUCTIONS FOR COMPLETION OF U.S. VOYAGE DECLARATIONS

N.B. A lower rate of additional premium will apply to tankers equipped with segregated ballast tanks (SBT's) in accordance with the requirements of Regulation 13 of Annex 1 to MARPOL 73/78. Declarations should therefore indicate whether the tanker is equipped with SBT's. **In the absence of an explicit declaration, it will be assumed that the higher rate of additional premium applies.**

Note

1. A U.S. voyage is 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. The USA includes District of Columbia, Puerto Rico, Guam, American Samoa, U.S. Virgin Islands and Northern Marianas.
2. Date of first U.S. loading/discharging. Loading or discharging a cargo at more than one U.S. port or place within the U.S. EEZ shall be regarded as a single voyage. Discharging one cargo at a U.S. port or place and loading a new cargo at a U.S. port or place constitutes two voyages.
3. If loading/discharging solely at LOOP or solely ship-to-ship transfer at location approved by USCG, enter "LOOP" or "Offshore" as appropriate.
4. For the purposes of this declaration "non-persistent" oils shall be defined as follows:-
"Oil which consists of hydro-carbon fractions:-
 - a) at least 50% of which, by volume, distils at a temperature of 340°C and
 - b) at least 95% of which distils at a temperature of 370°Cwhen tested by the ASTM Method D 86/78 or any subsequent revision thereof."

All other hydro-carbon mineral oils are persistent.

If not carrying persistent oils specify type of cargo.

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

LNG	LPG
Alkyl C9-C14 Benzenes	Animal/vegetable oils
Drilling oil LVT200/200C	Gasolines (AVGAS/MOGAS)
Mineral Spirits (excepting Pegasol R-100)	Polybutene
Semtol 40	White spirit
Kerosenes (Domestic, tractor, aviation, No.1 fuel oil)	
Distillates (Light/Medium Gas oil, heating oil, auto diesel 1D &2D (No.2 fuel oil is Gas oil and classification therefore varies)	
Gasoline blending components (naphthas)	

The following oils are persistent:-

Alkyl C15-C17 Benzenes
Gas oil - Heavy/Vacuum (also referred to as Virgin), Wash Gas oil, if used to flush persistent oil, No.3-6 fuel oil. No.2 fuel oil refer to Gas oil specifications
Lub oil and lub additives
Mineral oils
Paraffin Wax, BR/BAYONN
Mineral Spirit Pegasol R-100

Please note the above lists are not exhaustive.

5. Declarations should indicate:-
 - a) If trading to U.S. ports or within the U.S. EEZ at any time during the year. Enter "U.S. trading" or "no U.S. trading", as appropriate.
 - b) Whether carrying persistent oils at any time during the quarter. Enter "persistent" / "non-persistent" / "chemical" / "other" as appropriate. If not carrying persistent oils specify type of cargo.

Parcel Tankers, as defined in the Association's Circular 5:245, should be stated as such in the first quarter's declaration form.

In respect of tankers of 3,000 g.t. or less, or Parcel Tankers carrying not more than 5,000 metric tonnes of persistent oil on any one voyage, if Members opt to pay a single annual surcharge the form should be marked "Annual Premium", and individual voyages should not be declared. The single annual surcharge will be US\$9,600 for vessels without SBT's, or US\$8,400 for vessels equipped with SBT's.

In respect of Parcel Tankers carrying between 5,001 and 10,000 metric tonnes of persistent oil cargo the premium surcharge applicable to a vessel of 7,500 g.t. will apply.