

4th February 1998

TO ALL MEMBERS

EXCESS OIL POLLUTION INSURANCE US\$200,000,000 EACH VESSEL ANY ONE ACCIDENT EXCESS OF US\$500,000,000 EACH VESSEL ANY ONE ACCIDENT

As in previous years, an open cover facility has been arranged from Noon GMT, 20th February 1998, for acceptance of declarations by Members or their Brokers subject to the following conditions and rates:

To cover the Assured's legal liability for oil pollution claims as per underlying policy or certificate of entry and to follow settlements of the underlying policies in all respects. The facility is subject to the OPA non-certification clause which reads as follows:

"Notwithstanding any other provision of this policy or of any underlying insurance, this policy of insurance is not evidence of financial responsibility under the Oil Pollution Act of 1990 or any similar federal or state laws. Any showing or offering of this policy by the Assured as evidence of insurance shall not be taken as any indication that the Underwriters consent to act as guarantor or to be sued directly in any jurisdiction whatsoever. The Underwriters do not consent to be guarantors or to be sued directly."

This is a direct insurance in the London Market, and is **not** a reinsurance of the London Steam-Ship Owners' Mutual Insurance Association Ltd.

RATES

- (1) Dry Cargo vessels and gas carriers (not carrying oil as cargo) and passenger vessels:
US\$0.028 per GT p.a. for worldwide trading, minimum 3,000 GT.
- (2) Clean tankers (defined as carrying other than persistent oil as cargo):
US\$0.055 per GT p.a. for worldwide trading, minimum 3,000 GT.
- (3) Dirty tankers (defined as carrying persistent oil as cargo) other than (4) below:
Basic premium per GT p.a. excluding cargo voyages to the USA as underlying Club entry (minimum 3,000 GT).

Year Built	Rate (per GT)
1994-98	US\$0.081
1989-93	US\$0.086
1984-88	US\$0.098
1979-83	US\$0.111
1974-78	US\$0.131
1973 & earlier	US\$0.152

Vessels are deemed to have been built in the year in which they are shown as completed in Lloyd's Register of Shipping.

PLUS voyages to the USA, at an additional premium of US\$0.10 per GT per voyage (minimum 3,000 GT).

All features of the underlying Club premium calculation apply to this additional voyage premium, including the 20 voyage maximum and 50% tonnage for LOOP and transshipment.

- (4) Dirty tankers under 3,000 GT continuously trading in the USA will pay a flat premium of US\$7,642 in full.

P.T.O.

Adjustments in premium may be made as follows:

- I. Regardless of short periods, all declarations will be charged at the full annual rate, except for the following:
 - a) Vessels for which the underlying certificate of entry is cancelled or endorsed to cancel, may be deleted from cover at pro rata return premium.
 - b) Vessels for which a new underlying certificate of entry is issued or a current certificate of entry is endorsed to add, may be added from date request for cover is made to the Association or to Miller Marine Ltd., at pro rata premium from date of attachment with the Association.
- II. Where OBO's change from trading dry to trading with dirty products, or tankers change from trading clean to trading dirty, the change in basis of declaration advised in the Association's Circular 5:246 dated 22nd January 1998 will apply.
This means that if at any time during an applicable quarter a ship trades with dirty products then the full dirty tanker rates shown at basis (3) above will be payable for that quarter only, and the vessel will also become liable for U.S. voyage additional premiums. 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.
- III. No cover is available under this facility for charterers other than bareboat charterers and charterers named as Co-Assured on the underlying Owners' entry. Cover is always subject to the limits any one vessel arising out of any one event.
- IV. All premium developed under (1), (2), (3) **Basic premium** and (4) above, is payable at inception. Voyage additional premiums under (3) are payable quarterly.
- V. No laid-up returns.
- VI. In respect of the U.S. voyage surcharge for parcel tankers to follow the underlying Club entry and charge as follows:
 - a) where 5,000 metric tonnes or less of persistent oil are carried as cargo:
US\$0.10 per GT per voyage calculated on 3,000 GT;
 - b) where between 5,001 and 10,000 metric tonnes of persistent oil are carried as cargo:
US\$0.10 per GT per voyage calculated on 7,500 GT;
 - c) where more than 10,000 metric tonnes of persistent oil are carried as cargo:
US\$0.10 per GT per voyage calculated on actual GT of the vessel.
- VII. It is agreed to allow a 12.5% discount from the above rates in respect of tankers equipped with segregated ballast tanks in accordance with the requirements of regulation 13 of Annex 1 to MARPOL 73/78.
Information: A parcel tanker is defined as a ship 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.
- VIII. 10% discount is available from all rates.

CALIFORNIA

The limit of US\$200,000,000 is increased to US\$250,000,000 in respect of tankers whilst in Californian waters only, at the following **further** additional premiums:

US\$0.025 per GT per voyage in respect of dirty tankers only.

US\$0.005 per GT per voyage in respect of clean tankers.

Dirty tankers under 3,000 GT continuously trading in Californian waters will pay a flat Additional Premium of US\$1,900 in full.

All other terms and conditions and features of underlying premium calculations to apply.

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