

20 January 1999

TO ALL MEMBERS

Dear Sirs

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, 20 February 1999, 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\$0.020 per GT p.a. for worldwide trading, minimum 3,000 GT.
- (2) Clean tankers (defined as carrying other than persistent oil as cargo):
US\$0.040 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)
1995-99	US\$0.053
1990-94	US\$0.057
1985-89	US\$0.066
1980-84	US\$0.075
1975-79	US\$0.089
1974 & earlier	US\$0.104

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\$0.085 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 transhipment.

- (4) Dirty tankers under 3,000 GT continuously trading in the USA will pay a flat premium of US\$6,500 in full and those between 3,001 GT - 3,999 GT will pay a flat premium of USD7,750 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, 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 5:269 dated 20 January 1999 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: 20 February 1999 to 20 May 1999; 20 May 1999 to 20 August 1999; 20 August 1999 to 20 November 1999 and 20 November 1999 to 20 February 2000.
- 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) parcel tankers carrying 5,000 metric tonnes or less of persistent oil as cargo:
US\$0.085 per GT per voyage calculated on 3,000 GT;
 - b) parcel tankers carrying between 5,001 and 10,000 metric tonnes of persistent oil as cargo:
US\$0.085 per GT per voyage calculated on 7,500 GT;
 - c) parcel tankers carrying 10,001 metric tonnes and over of persistent oil as cargo:
US\$0.085 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. 17.5% 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\$0.02125 per GT per voyage in respect of dirty tankers only.

US\$0.00425 per GT per voyage in respect of clean tankers.

Dirty tankers 3,999 GT and under continuously trading in Californian waters will pay a flat Additional Premium of US\$1,615 in full.

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

Yours faithfully
A BILBROUGH & CO LTD
(Managers)