

20 January 1999

TO ALL MEMBERS

Dear Sirs

OBO's AND CLEAN TANKERS 1999/2000 POLICY YEAR AND THEREAFTER

The change of practice advised for 1998/99 Policy Year in the Association's Circular 5:246 dated 22 January 1998 will continue for 1999/2000 and thereafter, until further notice.

Previously, in the case of OBO's or clean tankers, the terms of entry either contained a warranty that the ship was 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 attracted the full annual dirty tanker reinsurance cost. If an OBO or a tanker traded with dirty products at any time during a Policy Year the full annual dirty tanker reinsurance cost was payable.

For Policy Years 1998/99, 1999/2000 and thereafter, such ships will be assessed 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 20 February to 20 May, 20 May to 20 August, 20 August to 20 November and 20 November to 20 February.

Yours faithfully
A BILBROUGH & CO LTD
(Managers)