

6 October 1999

TO ALL MEMBERS

Dear Sirs

PAPERLESS TRADING - THE BOLERO PROJECT

Members will recollect from the Association's Circular No 5:263, issued in December 1998, that the International Group of P&I Clubs has been reviewing progress on the Bolero Project. The Project is now ready to go live - in other words it is available to users for the replacement of traditional paper trade documentation by electronic messages.

As stated in the earlier Circular, the Clubs in the International Group are supportive of the aims of Bolero, which offer a prospect of significant improvements and possible savings as compared to traditional paper commerce.

However, there remains a risk that a Bolero user could incur a P&I liability which would not have arisen under a paper transaction. Moreover, if such liability arose as a consequence of fault on the part of Bolero, recourse against Bolero would be limited by contract to a maximum of US\$100,000 per event or series of events. There is thus a possibility of incurring liability excluded from normal P&I coverage by the effect of the paperless trading endorsement (as set out in the last Circular and in Certificates of Entry).

The International Group has therefore arranged a market insurance for P&I liability excluded from normal Club cover by the paperless trading endorsement. This market cover has a limit of US\$50 million any one accident or occurrence. The cover is available upon declaration. It is thus important that Members who wish to benefit from the cover should advise the Managers before commencing use of Bolero. Full details of the cover are available from the Managers.

This market insurance is not designed for non-marine liabilities which may arise from participation in electronic commerce. Examples of such liabilities are breach of confidentiality undertakings and obligations to maintain computer links. Members may wish to consider whether they have existing insurance covers which can respond for such liability or whether new arrangements are necessary.

Members using Bolero should also note that, as the surrender of a Bolero bill of lading takes place electronically and not at the physical location where delivery is made, special care should be taken to ensure that the person taking delivery of goods represents the party entitled to delivery under the Bolero bill of lading.

Yours faithfully
A BILBROUGH & CO LTD
(MANAGERS)