



**FEBRUARY 3, 2003**

**CIRCULAR NO. 3/03**

**TO MEMBERS OF THE ASSOCIATION**

**Dear Member:**

**2003 RENEWALS – MISCELLANEOUS MATTERS**

This Circular provides guidance on several matters relevant to cover for the forthcoming policy year.

**International Group Pooling arrangements for 2003**

For 2003 individual Club retentions will remain at \$5 million per claim. Also, as is the case for the expiring year, the Pool retention will remain at \$30 million resulting in the same Pool spread – \$25 million – as that which presently obtains.

In addition to these arrangements it is likely that the International Group will also absorb, by way of co-insurance, part of the first layer of its market contract, although the precise details of the scheme have yet to be concluded.

**Limits on Club Cover for 2003**

For 2003 the limit of cover in respect of oil pollution claims will stay unchanged at \$1 billion any one accident. The limit for claims other than oil pollution will also remain at 2.5% of the 1976 Limitation Convention limit for property claims in excess of the limit on the Group's reinsurance program – which will itself be held at \$2 billion.

The limit of cover for Freight, Demurrage & Defense claims will stay at \$2 million any one dispute.

The limits available for coverage of charterers' risks for 2003 will remain the same as those which currently apply, varying as they do in individual cases in response to individual operators' needs.

**War Risks P&I cover for 2003**

Reference is made to Circular No. 2/03 of January 29, 2003 which deals specifically with this issue for the forthcoming policy year.

**Voyage Surcharges for U.S. Trading Tankers**

The current system of charging voyage surcharges for tankers trading to the United States will continue for the next policy year. Unfortunately, however, by reason of the overall increases in the basic reinsurance rates for International Group cover going forward, rates for 2003 will rise. The increase amounts to some 40% over the expiring cost. It is being kept to a minimum given the unsurpassed purchasing power of the International Group of P&I Clubs within the global markets.

As is the case of present, a differential will apply as between vessels which have segregated ballast tanks (SBT) and those which are not so equipped. In order to qualify for the lower rate applicable to the SBT category of tonnage, the vessel must be equipped with segregated ballast tanks as defined by Regulation 13 of Annex 1 to MARPOL 73/78.

It is hoped that the following table will be of assistance in setting out the 2003 policy year arrangements.

<b>VESSEL CATEGORY</b>	<b>Non-SBT</b>	<b>SBT</b>	<b>Basis</b>
(i) Tankers of 1,001 gt or more	\$0.1428	\$0.126	per gt per voyage
LOOP/lightening	\$0.0714	\$0.063	per gt per voyage
(ii) Tankers of 1,000 gt or less and - either	\$143	\$126	per voyage
- or	\$2,856	\$2,520	per annum
(iii) Parcel tankers carrying 5,000 mt or less of persistent oil as cargo	\$428	\$378	per voyage
(iv) Parcel tankers carrying 5,001 - 10,000 mt of persistent oil as cargo	\$1,075	\$941	per voyage
(v) Parcel tankers carrying 10,001 mt or more of persistent oil as cargo	\$0.1428	\$0.126	per gt per voyage

The footnote below contains the definitions which apply to the terms used above.

As to the making of declarations, Members are reminded that they are obligated to declare **all** US voyages by tankers each quarter in arrears. Forms for such declarations for the quarters ending May 20, 2003, August 20, 2003, November 20, 2003 and February 20, 2004 are attached hereto. Completed forms should be returned to the Club within two months of the end of each quarter. **Members are urged to note that their cover may be prejudiced if declarations are not made in an accurate and timely manner.**

Tankers (including OOs and OBOs) carrying persistent oil on any voyage will be regarded as carrying persistent oil for any such quarter.

Members are also asked to inform the Club immediately if a vessel, declared to the Club as not carrying persistent oil as cargo, is indeed carrying a cargo of persistent oil. Members with OOs and OBOs declared as dry cargo vessels are advised to inform the Club immediately if any such vessels are carrying oil as cargo whether persistent or non-persistent.

The Managers will be pleased to respond to any questions Members may have in regard to the above, or generally.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO  
 Shipowners Claims Bureau, Inc., Managers for  
**THE AMERICAN CLUB**

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**Footnote:** The following definitions apply to the terms used above.

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

**Segregated ballast tanks:** A ship will be deemed to have segregated ballast tanks if it is equipped in accordance with the requirements of regulation 13 of Annex I to MARPOL 73/79.

**U.S. Voyage:** Any cargo voyage involving loading or discharging cargo at any port of place in the U.S.A. or within the EEZ as defined in OPA 1990. U.S.A. includes District of Columbia, Puerto Rico, Guam, American Samoa, U.S. Virgin Islands and Northern Marianas.

**Persistent Oils:** All hydro-carbon mineral oils other than those falling within the definition of **non-persistent oils** described below.

**Non-Persistent Oils:** Oils which consist of hydro-carbon fractions:

- a) at least 50% of which, by volume, distils at a temperature of 340 degrees C, and
- b) at least 95% of which distils at a temperature of 370 degrees C

when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

For Members' guidance, the following oils are **non-persistent**:

- LNG
- LPG
- Gasolines (AVGAS/MOGAS)
- White spirit
- Kerosenes (domestic, tractor, aviation, No. 1 fuel)
- Gasoline blending components (naphthas)



## VOYAGE SURCHARGES FOR US TRADING TANKERS

### FIRST QUARTER 2003 POLICY YEAR

**US Voyage Quarterly Declaration Form**  
**Oil Cargo / Persistent / Non-Persistent Quarterly Declaration Form**  
 Period: February 20, 2003 to May 20, 2003. To be returned to the Club by July 20, 2003

Member: \_\_\_\_\_ Name of Vessel: \_\_\_\_\_

Type of Vessel: Non-SBT Tanker  SBT Tanker  OBO / OO  (Please check )

We hereby certify that the vessel during the period as set out above did (Please check )

<b>A</b> OBO's and OO's only	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
<b>B</b> All Tankers	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
<b>C</b> All Tankers	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date of loading	Port of loading Name of Port, LOOP or offshore	Date of Discharge	Port of discharge Name of port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed by authorized signatory of Member: \_\_\_\_\_ Date: \_\_\_\_\_  
 All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 3/03 of February 3, 2003



## VOYAGE SURCHARGES FOR US TRADING TANKERS

### SECOND QUARTER 2003 POLICY YEAR

**US Voyage Quarterly Declaration Form**  
**Oil Cargo / Persistent / Non-Persistent Quarterly Declaration Form**  
 Period: May 20, 2003 to August 20, 2003. To be returned to the Club by October 20, 2003

Member: \_\_\_\_\_ Name of Vessel: \_\_\_\_\_

Type of Vessel: Non-SBT Tanker  SBT Tanker  OBO / OO  (Please check )

We hereby certify that the vessel during the period as set out above did (Please check )

<b>A</b> OBO's and OO's only	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
<b>B</b> All Tankers	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
<b>C</b> All Tankers	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date of loading	Port of loading Name of Port, LOOP or offshore	Date of Discharge	Port of discharge Name of port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed by authorized signatory of Member: \_\_\_\_\_ Date: \_\_\_\_\_

All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 3/03 of February 3, 2003



## VOYAGE SURCHARGES FOR US TRADING TANKERS

### THIRD QUARTER 2003 POLICY YEAR

US Voyage Quarterly Declaration Form

Oil Cargo / Persistent / Non-Persistent Quarterly Declaration Form

Period: August 20, 2003 to November 20, 2003. To be returned to the Club by January 20, 2004

Member: \_\_\_\_\_ Name of Vessel: \_\_\_\_\_

Type of Vessel: Non-SBT Tanker  SBT Tanker  OBO / OO  (Please check )

We hereby certify that the vessel during the period as set out above did (Please check )

<b>A</b> OBO's and OO's only	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
<b>B</b> All Tankers	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
<b>C</b> All Tankers	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date of loading	Port of loading Name of Port, LOOP or offshore	Date of Discharge	Port of discharge Name of port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed by authorized signatory of Member: \_\_\_\_\_ Date: \_\_\_\_\_

All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 3/03 of February 3, 2003



## VOYAGE SURCHARGES FOR US TRADING TANKERS

### FOURTH QUARTER 2003 POLICY YEAR

US Voyage Quarterly Declaration Form  
 Oil Cargo / Persistent / Non-Persistent Quarterly Declaration Form  
 Period: November 20, 2003 to February 20, 2004. To be returned to the Club by April 20, 2004

Member: \_\_\_\_\_ Name of Vessel: \_\_\_\_\_

Type of Vessel: Non-SBT Tanker  SBT Tanker  OBO / OO  (Please check )

We hereby certify that the vessel during the period as set out above did (Please check )

A OBO's and OO's only	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
B All Tankers	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
C All Tankers	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date of loading	Port of loading Name of Port, LOOP or offshore	Date of Discharge	Port of discharge Name of port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed by authorized signatory of Member: \_\_\_\_\_ Date: \_\_\_\_\_  
 All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 3/03 of February 3, 2003