

# CIRCULAR



March 2013

TO ALL MEMBERS

## Renewal 2013/2014

### Carriage of Persistent/Non-Persistent Oil Cargoes

In addition to Skuld's January 2013 Circular "Policy Year Renewal – International Group Reinsurance Programme", we would like to inform Members of a further change for the 2013/2014 policy year about the process of declaring the carriage of persistent and non-persistent cargoes and how it is handled.

For the 2013/2014 policy year, the system for charging International Group Reinsurance costs applicable to tankers switching between the carriage of clean (non-persistent) and dirty (persistent) cargoes, or for OBOs switching between wet and dry cargoes, during the year has changed for all International Group clubs. Previously, if a ship carried dirty cargoes during any given quarter, it was classified as dirty for the whole of that period and declared at the applicable reinsurance rate. Under the new system, returns will be allowed on a daily pro-rata basis as long as the ship carries clean products for a period of at least 30 consecutive days. If the period of carriage of clean oil is less than 30 consecutive days, then the ship will continue to be rated as dirty.

An example: a tanker trading clean for 32 days will receive a full pro-rata allowance for 32 days, while a tanker only clean for 28 days will remain rated as dirty. Trading clean means carrying clean cargoes, it does not include any period in ballast between dirty voyages or when awaiting orders. A clean tanker is defined as a tanker which is not carrying persistent oil or its residues (other than slops). Thus, this 30 day period functions as a minimum period rather than a capped period.

Accordingly, Members no longer need to make quarterly declarations to the Club about the carriage of dirty or clean cargoes. However, Members whose ships are entered on a dirty basis and apply for premium returns because those ships have exceeded 30 days clean trading must apply in writing within three months of the end of the policy year (20 May 2014).

Members with ships entered on a clean basis but carrying dirty cargo must declare such carriage as soon as possible to the Club but no later than one month from the date of the completion of that carriage.

The changes will result in reduced annual costs for Members who switch between dirty and clean cargoes during the policy year.

Definition of Persistent oil as follows:

*Persistent oil is all persistent hydro-carbon mineral oils other than those falling within the definition of non-persistent oil. Non-persistent oil is oil which consists of hydro-carbon fractions at least 50% of which, by volume, distils at a temperature of 340 degrees C, and 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.*

Yours faithfully  
Assuranceforeningen Skuld (Gjensidig)

A handwritten signature in blue ink, appearing to read "Douglas Jacobsohn".

Douglas Jacobsohn  
President & Chief Executive Officer

