

CIRCULAR



January 2013

TO ALL MEMBERS and CLIENTS

2013 Policy Year Renewal

International Group Reinsurance Programme

The arrangements for the renewal of the International Group General Excess of Loss reinsurance contract and Hydra reinsurance programme for 2013/14 have now been finalised. The individual Club retention for the 2013 policy year has increased from USD 8 million to USD 9 million. The International Group Pooling retention has increased from USD 60 million to USD 70 million. The structure of the cover reinsured through International Group and the Pool will be as follows:

| | |
|---------------------------|--|
| Club retention | USD 9 million |
| Pool retention | USD 70 million (USD 61 million in excess of USD 9 million) |
| General Excess Loss Cover | USD 2 billion (in excess of USD 70 million) |
| Overspill protection | USD 1 billion (in excess of General Excess Loss Cover) |

Limits on the Association's cover for 2013 Policy Year

| | |
|-----------------------------|---------------|
| Oil Pollution | USD 1 billion |
| Passenger and crew combined | USD 3 billion |
| Passenger (sub-limit) | USD 2 billion |

The oil pollution limit is applicable to the aggregate of owners' and bareboat charterers' liabilities (see Skuld Rules Appendix 5 Paragraph 2).

For passenger and crew claims, the overall limit is USD 3 billion any one event, any one vessel and with a sub-limit of USD 2 billion in respect of passenger claims alone (see Skuld Rules Appendix 5A).

Overspill protection

In the event of a claim in excess of the cover limit of the International Group Excess Loss Contract of USD 2.07 billion, members will be liable to contribute overspill calls which will remain subject to a limit of 2.5% of the property limitation fund for each entered vessel

calculated in accordance under the 1976 Limitation Convention (see Skuld Rules Appendix 3). Overspill protection has again been placed for claims up to USD 1 billion in excess of USD 2.07 billion.

International Group General Excess of Loss Reinsurance Contract – Rates for 2013 Policy Year

The International Group RI rates (per GT) including Hydra premium, Collective Overspill Cover and Excess War Risk P&I for the year commencing 20 February 2013 are as follows:

| Tonnage Category | 2013 rate USD per GT | % change from 2012 |
|--|-----------------------------|---------------------------|
| Tankers, carrying persistent oil as cargo | 0.7565 | + 16.12 |
| Tankers, carrying non-persistent oil as cargo | 0.3245 | + 15.98 |
| Dry cargo vessels | 0.4942 | + 38.78 |
| Passenger vessels | 3.1493 | + 125.08 |

US Oil Pollution Surcharge – 2013 Policy Year

The special arrangements to cover US OPA 90 pollution liabilities in respect of tankers, which are otherwise excluded under the Rules, will continue for the 2013 policy year. There is a reduction in the rates of about 15%.

US Trading Agreement

For owner members' trading vessels which are capable of carrying oil in bulk as cargo, the exclusion for liabilities under the US Oil Pollution Act 1990 set out in the Rules (14.2.2) will continue to apply. However, the existing US surcharge scheme for tankers will continue and cover will be reinstated if the member agrees to make declarations on a quarterly basis as per the US Voyage Quarterly Declaration Form – Policy Year 2013 (enclosed).

Geographic scope

Tankers carrying persistent oil as cargo and calling ports or places within the United States or the United States Exclusive Economic Zone (EEZ), as defined by OPA 1990 for loading or discharging, are subject to additional premium. The United States include the District of Columbia, Puerto Rico, Guam, American Samoa, US Virgin Islands and Northern Marianas.

The Declaration (Surcharge) Programme

Members have to declare voyages by tankers each quarter in arrears, specifying voyages to the United States and the EEZ. The declarations are to be completed by 20 July, 20 October, 20 January and 20 April and returned to the Association as specified below.

A US voyage is any cargo voyage involving loading or discharging at any port or place in the United States and EEZ as defined above. One cargo voyage involving loading or discharging at more than one US port or place shall be regarded as a single voyage. Discharging one cargo at a port or place and loading a new cargo at a port or place constitutes two voyages.

For those Members who already have this arrangement in place for the 2012 Policy Year, cover will be automatically reinstated with effect from 20 February 2013, unless written notice of the cancellation is given. Members, who wish to participate in the scheme for the first time, should contact your respective syndicate underwriter as soon as possible.

No lay-up returns will be allowed.

Conditions/rates are as follows:

Tankers of 1,000 GT or less

Owners of tankers of 1,000 GT or less have the option of paying a surcharge of USD 41 (SBT tankers USD 34) per voyage with a cap of 20 voyages or a fixed rate of USD 820 per annum (SBT tankers USD 680). Owners wishing to pay on the basis of a fixed annual rate should inform the Association in writing prior to 20 February 2013, otherwise the surcharge will be stipulated on a voyage basis. To qualify for the SBT category, a tanker must be equipped with segregated ballast tanks in accordance with the requirements of Regulation 13 of Annex 1 to MARPOL 73/78.

1. Tankers of more than 1,000 GT

The rate of surcharge for voyages to and from the United States by tankers of more than 1,000 GT carrying persistent oil as cargo will be USD 0.0405 per GT per voyage (SBT tankers USD 0.0337). The cap will remain at 20 voyages during the year.

2. Parcel Tankers

A parcel tanker is defined as a ship constructed or adapted primarily to carry cargoes of noxious liquid substances in bulk or 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.

- a. Parcel tankers **carrying less than 5,000 metric tons (MT)** of persistent oil as cargo incur a fixed minimum contributing value based on 3,000 GT per voyage, i.e. USD 122 (SBT tankers USD 101) per voyage with a cap of 20 voyages.
- b. Parcel tankers **carrying between 5,000 and 9,999 MT** of persistent oil as cargo incur a fixed minimum contributing value based on 7,500 GT per voyage, i.e. USD 304 (SBT tankers USD 253) per voyage with a cap of 20 voyages or a fixed rate of USD 6,080 (SBT tankers USD 5,060).
- c. Parcel tankers **carrying 10,000 MT and over** of persistent oil as cargo shall pay the voyage premium based on the ship's full tonnage.

NB: Members are required for statistical reasons to make declarations even after the cap of 20 voyages is reached.

LOOP and other designated lightering areas

Vessels loading and/or discharging at Louisiana Offshore Oil Port (LOOP) exclusively, or in a facility which is not designated as a port and is approved by the US Coast Guard, will be charged at 50% premium (USD 0.0238 per GT per voyage and SBT USD 0.0198 per GT per voyage). For more details see Circulars issued by the Association on [13 June](#) and [20 January](#) 2012.

Reference Table

| | Non SBT | SBT |
|---|-----------------|-----------------------------------|
| (A) Tankers of more than 1000 GT | \$0.0405 | \$0.0337 per GT per voyage |
| LOOP/Lightening | \$0.0202 | \$0.0169 per GT per voyage |
| (B) Tankers of 1000 GT or less | \$41 | \$34 per voyage |
| | either | |
| | \$820 | \$680 per annum |
| | or | |
| (C) Parcel tankers carrying less than 5,000 metric tons of persistent oil as cargo | \$122 | \$101 per voyage |
| (D) Parcel tankers carrying 5,000 – 9,999 metric tons of persistent oil as cargo | \$304 | \$253 per voyage |

Yours faithfully
Assuranceforeningen Skuld (Gjensidig)



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