

CIRCULAR REF: 2012/033

**CIRCULATED TO ALL MEMBERS, BROKERS AND DIRECTORS
ATTENTION INSURANCE DEPARTMENT**

**4 OCTOBER 2012
CGT**

US POLLUTION

NRC and MSRC – Addenda Concerning Use of Dispersants to Contracts for Tank Vessels Vessel Response Plans – General Conformity with International Group Guidelines

NRC and MSRC – Addenda Concerning Use of Dispersants to Contracts for Tank Vessels

Members will recall that, as from 30 September 2011, tank vessel operators were required to include a capability for the aerial application of dispersants in their vessel response plans (VRPs).

Both of the main oil spill response organisations (OSROs), Marine Spill Response Corporation (MSRC) and National Response Corporation (NRC), confirmed that they had such capability. However as advised in Circular 2011/027, MSRC required that its customers sign an addendum (MSRC Addendum) to their standard service agreement before including MSRC dispersant capability in their VRP. The MSRC Addendum has the footer “(version 22 August 2011.)”.

NRC is now introducing a similar addendum (NRC Addendum) to their existing contract: “Agreement for provision of Response Services,” bearing the footer: “(Version September 15, 2004).” The NRC Addendum is entitled “Alternative Technologies Amendment to Agreement for Provision of Response Resources (Tank Vessels)” and has footer “September 27, 2012.” It will come into effect on 1 January 2013.

Certain terms of both the MSRC Addendum and the NRC Addendum do not conform with the International Group (IG) guidelines on VRPs. Therefore, agreeing to the terms of either addenda could result in Members incurring liabilities which fall outside the scope of Club cover. Members wishing to obtain additional cover from the market for such liabilities can contact the Managers for details (as previously advised in relation to the MSRC Addendum). However, it should be noted that this additional insurance provides a limited level of cover.

CIRCULAR

NORTH OF ENGLAND P&I ASSOCIATION LIMITED 100 The Quayside, Newcastle upon Tyne, UK, NE1 3DU
Telephone: +44 (0) 191 2325221 Fax: +44 (0) 191 2610540 www.nepia.com

The North of England Protecting and Indemnity Association Limited. Registered in England No. 505456. Registered Office above
Hong Kong: Room 2503, COSCO Tower, 183 Queen's Road, Central, Hong Kong Telephone: +852 25446813 Fax: +852 25424424
Greece: 5-7 Aghiou Nikolaou, GR 185 37 Piraeus, Greece Telephone: +30 210 4283038 Fax: +30 210 4280920.
Singapore: 80 Anson Road, #26-04 Fuji Xerox Towers, Singapore 079907 Telephone: +65 64110160 Fax: +65 62240160.
Tokyo: Akiyoshi Kyobashi Building, 8th Floor, 1-17-2 Kyobashi, Chuo-ku, Tokyo, Japan 104-0031 Tel: +81 (3) 5159 5373 Fax: +81 (3) 5250 0003
North Insurance Management Limited. Registered in England No. 3922841. Registered Office above. Regulated in the UK by the Financial Services Authority

For NRC clients, there is also the alternative of not signing the NRC Addendum, but instead paying an additional annual charge of US\$ 250 per vessel. This option would not prejudice Club cover and would avoid the need for additional insurance. The full limits of Club cover would remain in place.

All tank vessel Members are reminded that, whether they have cited NRC or MSRC in their plans, if calling at Hawaiian ports it will be necessary to cite Clean Islands Council in the VRP as well. The Clean Islands Council contract does not conform with the IG VRP guidelines. Therefore, signing their contract could result in Members incurring liabilities which fall outside the scope of Club cover. Members wishing to obtain additional cover from the market for such liabilities can contact the Club for details.

At the present time non-tank vessels are not required to include a capability for the application of dispersant by air in their VRPs.

Vessel Response Plans – General Conformity with International Group Guidelines

Members are reminded that, as set out in Circular 2009/009, certain contracts for pollution response services do not conform with the IG guidelines for vessel response plan contracts. Use of such contracts – which in certain geographical areas may be unavoidable for want of alternative resources – may consequently expose Members to liabilities that fall outside Club cover. A list of conforming contracts is available from the Club.

Clubs are able to arrange some limited cover for Members for these liabilities. Members are reminded that this cover operates on an individual declaration basis, such that Members must declare each call to ports where use of a contractor with a non-conforming contract is contemplated. In case of doubt, Members should contact the Club for advice.

All Clubs in the International Group have issued a similar circular.

COLIN TRAPPE

DIRECTOR - North Insurance Management Limited

As Managers on behalf of the North of England P&I Association Limited