

CIRCULAR REF: 2013/007

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

**13 FEBRUARY 2013
SSR/MA**

RENEWAL 2013/2014 – CARRIAGE OF NON-PERSISTENT OIL CARGOES

Further to North's Circular 2013/002: Policy Year 2013 – Renewal (22 January 2013), we write to advise Members of a further change for the 2013/2014 policy year involving the way in which the declaration of the carriage of persistent and non-persistent cargoes will be administered.

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.

This 30 day period operates as a minimum period rather than a deductible so that, for example, a tanker trading clean for 32 days will get a full pro-rata allowance for 32 days, whilst a tanker only clean for 28 days will remain rated as dirty. For this purpose, "clean" means actually carrying clean cargoes, it does not include any period in ballast between dirty voyages or whilst awaiting orders. A "clean tanker" is defined as a tanker which is not carrying persistent oil or its residues (other than slops).

As a result, 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.

Those Members with ships entered on a clean basis but carrying dirty cargo must declare such carriage promptly and North's "Clean Oil Cargo" Clause will be amended as follows:

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Clean Oil Cargo Clause (2013)

(a) It is a condition of this insurance that the Entered Ship will not carry persistent oil as cargo during the Policy Year.

Provided always that compliance with this condition may be waived by the Managers subject to the Member;

(i) promptly notifying the Association in writing of any intention to carry persistent oil as cargo, and

(ii) paying to the Association any additional premium as may be required by the Association.

(b) For the purposes of this clause "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.

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

As the Club has already issued renewal documentation to some Members, they should note that amended documentation will follow in due course.

STEPHEN REBAIR

ASSOCIATE DIRECTOR - North Insurance Management Limited

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