



DECEMBER 21, 2006

CIRCULAR NO. 25/06

TO MEMBERS OF THE ASSOCIATION

Dear Member:

CONDITION SURVEY REQUIREMENTS FOR TANKERS CARRYING HEAVY FUEL OIL (HFO) AS CARGO

As part of its continuing effort to ensure higher ship standards, the International Group of P&I Clubs will collectively maintain its survey trigger for seagoing vessels of 10 years of age or more carrying HFO. As Members will recall, the original implementation of this policy was notified to the membership in Circular No. 06/06 of February 16, 2006.

As a consequence, all sea-going vessels aged 10 years or more which have carried heavy HFO as cargo within the previous 12 months will be subject to condition survey, unless:

- the vessel has undergone a P&I club condition survey during the previous 12 months; or
- the vessel has undergone a Special Survey during the previous 6 months; or
- the vessel has a valid Condition Assessment Program (CAP) rating of 1 or 2 with a classification society having membership in the International Association of Classification Societies (IACS).

HFO is defined as residual fuel with a kinematic viscosity of 380 centipoises when measured at 50 degrees Celsius by the ISO 3104 test method. This excludes vessels carrying intermediate fuel oils or heavy crudes, as well as those carrying bitumen or tar.

Members should note that a declaration continues to be required by 20 March in each year so that the Club may determine whether HFO has in fact been carried by an insured vessel as cargo during a relevant policy period. Therefore, the first declaration must be made by 20 March 2007 for vessels carrying HFO between 20 March 2006 and 19 March 2007.

If a vessel continues to carry HFO as cargo over a period of successive years, the Club is not obliged to carry out a survey every year. However, a survey will need to be held at least every three years after the first survey has taken place. It is at the Club's discretion whether or not to undertake surveys on a more frequent basis.

As always, the Managers will be pleased to respond to all enquiries arising from the above. Please direct all declarations and inquiries to the Loss Prevention, Risk Control and Technical Services Department at surveys@american-club.net, or to fax number +1 212-847-4596.

Yours faithfully,

A handwritten signature in black ink, which appears to read "Joseph E.M. Hughes". The signature is written in a cursive style and is positioned above the printed name and title.

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



ANNUAL DECLARATION FORM FOR CARRIAGE OF HEAVY FUEL OIL—P&I OWNED ENTRIES ONLY

For P&I owned vessels having carried HFO* in the period from 20 March 2006 to 20 March 2007.

Please direct all declarations and inquiries to the Loss Prevention, Risk Control and Technical Services Department at surveys@american-club.net, or to fax number +1 212-847-4596.

Member				
Date				
Name of vessel	IMO	Year Built	Has the vessel completed Class Special Survey during the last 6 months?	Does the vessel have a valid CAP 1 or CAP 2 rating with any IACS classification society?
			Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
			Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
			Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
			Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
			Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>
			Y <input type="checkbox"/> N <input type="checkbox"/>	Y <input type="checkbox"/> N <input type="checkbox"/>

*HFO: Heavy Fuel Oil is defined as residual fuel with a kinematic viscosity of 380 centipoises when measured at 50 degrees Celsius by the ISO 3104 test method. This definition is intended to exclude intermediate fuel oils or heavy crudes, as well as bitumen or tar.