



JANUARY 11, 2012

CIRCULAR NO. 03/13

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**REINSURANCE ARRANGEMENTS FOR 2013.
VOYAGE SURCHARGES FOR US TRADING TANKERS FOR 2013.**

The arrangements for the renewal of the International Group's general excess of loss reinsurance contract (GXL) and Hydra reinsurance program for the forthcoming policy year have now been finalized.

General background

As has been widely reported over recent weeks, the individual retention of Group clubs will be increased from US \$8 million to US \$9 million for the 2013 policy year.

The 2011 policy year produced the first and third largest ever claims on the Group pool resulting in a very significant exposure to the Group's reinsurers. This exposure, coupled with general concerns regarding the increased cost of major casualties, and in particular removal of wreck and SCOPIC exposure, has led the Group's reinsurers to seek significant rises in premium for 2013. There will as a result be rate increases for all vessel categories for the renewal.

In order to mitigate the impact of the increase, the excess point on the GXL will be increased from US \$60 million to US \$70 million with the additional US \$10 million retained within the Group pool reinsured by the Group captive Hydra for US \$40m xs US\$30m. In addition, the Hydra coinsurance share in the first layer of the GXL (US \$500 million excess US \$70 million) will be increased from 25% to 30%.

For 2013, a three layer pool structure will be introduced with a lower pool layer from US\$ 9 million to US\$45 million, an upper pool layer from US\$45 million to US\$ 60 million (within which, as currently, there will be a claiming club retention of 10%) and an upper pool layer from US \$60 million to US \$70 million (within which there will be a claiming club retention of 5%).

Also, reflecting the continued improvement in the record of the dirty tankers sector, there will be a further reduction in the voyage surcharge for US trading tankers, described below.

For 2013, the allocation of the GXL cost between the different vessel categories has, as in previous years, been assessed in accordance with the Group's general allocation objectives, principally that of moving towards a claims versus premium balance for each vessel type over the medium to longer term.

The vessel type rates applied for 2013, set out below, reflect the continuing favorable tanker premium/claims record. They also reflect an ongoing objective of bringing the claims versus premium records back towards equilibrium in the dry sector, which is moving positively, and in particular in the passenger sector, where there remains a long-term imbalance to address through the allocation process.

Group GXL reinsurance rates for 2013

Tonnage Category	2013 rate per gt	Change from 2012
Dirty Tankers	\$0.7565	+ 16.12%
Clean Tankers	\$0.3245	+ 15.98%
Dry Cargo Vessels	\$0.4942	+38.78%
Passenger Vessels	\$3.1493	+125.08%

The rates per GT also include \$0.0104 per GT (2012: \$0.0105) for excess P&I war risk cover based on a limit of \$500 million excess of amounts recoverable under the owner's war risks policies, subject to a minimum of vessel's proper hull value or \$100 million, whichever is the lower. Further details of the 2013 arrangements for cover in respect of war and terrorism risks will be circulated separately in the near future.

Voyage surcharges for US trading tankers for 2013

The current system of charging voyage surcharges for tankers trading to the United States will continue for 2013. Happily, the rates are yet again lower (by a further 15%) for the forthcoming period by comparison with the expiring figures.

As is the case at present, a differential will apply as between vessels which have segregated ballast tanks (SBT) and those which are not so equipped. In order to qualify for the lower rates applicable to the SBT category of tonnage, a vessel must be equipped with segregated ballast tanks as defined by Regulation 13 of Annex 1 to MARPOL 73/78.

The following sets out the 2013 policy year surcharges.

VESSEL CATEGORY	Non-SBT	SBT	Basis
(i) Tankers of 1,001 gt or more LOOP/lightening	\$0.0405	\$0.0337	per gt per voyage
	\$0.0202	\$0.0169	per gt per voyage
(ii) Tankers of 1,000 gt or less - either - or	\$41	\$34	per voyage
	\$820	\$680	per annum
(iii) Parcel tankers carrying 5,000 mt or less of persistent oil as cargo	\$122	\$101	per voyage
(iv) Parcel tankers carrying 5,001 – 10,000 mt of persistent oil as cargo	\$304	\$253	per voyage
(v) Parcel tankers carrying 10,001 mt or more of persistent oil as cargo	\$0.0405	\$0.0337	per gt per voyage

The footnote overleaf contains the definitions which apply to the terms used above. In addition, the annex to this Circular, together with the attached copies of Circulars 05/12 and 17/12 of January 20 and June 15, 2012 respectively, also provide further clarification as to the meaning of a "US Voyage", the definition of a "LOOP voyage", and related issues.

As to the making of declarations, Members are reminded that they are obligated to declare all US voyages by tankers each quarter in arrears. Forms for such declaration for the quarters ending May 20, 2013, August 20, 2013, November 20, 2013 and February 20, 2014 are attached hereto. Completed forms should be returned to the Club within two months of the end of each quarter. Members are urged to note that their cover may be prejudiced if declarations are not made in an accurate and timely manner.

Tankers (including OOs and OBOs) carrying persistent oil on any voyage will be regarded as carrying persistent oil for any such quarter.

Members are also asked to inform the Club immediately if a vessel, declared to the Club as not carrying persistent oil as cargo, is indeed carrying a cargo of persistent oil. Members with OOs and OBOs declared as dry cargo vessels are advised to inform the Club immediately if any such vessels are carrying oil as cargo whether persistent or non-persistent.

The Managers will be pleased to respond to any questions Members may have in regard to the above, or generally.

Yours faithfully,


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

Footnote: The following definitions apply to the terms used above.

Parcel Tanker: A ship constructed or adapted primarily to carry cargoes of noxious liquid substances in bulk, and capable of carrying at least ten grades simultaneously, having been issued with an international certificate of fitness for the carriage of dangerous chemicals in bulk.

Segregated ballast tanks: A ship will be deemed to have segregated ballast tanks if it is equipped in accordance with the requirements of regulation 13 of Annex 1 to MARPOL 73/79

U.S. Voyage: Please see the attached Annex.

Persistent Oils: All hydro-carbon mineral oils other than those falling within the definition of non-persistent oils described below.

Non-Persistent Oils: Oils which consist of hydra-carbon fractions:

- a) at least 50% of which, by volume, distills at a temperature of 340 degrees C, and
- b) at least 95% of which distills at a temperature of 370 degrees C

when tested by the ASTM Method D 86/78 or any subsequent revision thereof.

For Members' guidance, the following oils are **non-persistent**:

- LNG
- LPG
- Gasolines (AVGAS/MOGAS)
- White spirit
- Kerosenes (domestic, tractor, aviation, No. 1 fuel)
- Gasoline blending components (naphthas)

ANNEX to Circular 03/13 of January 11, 2013

US Voyage Surcharge-relevant provisions and application guidance: see below and as per attached Circulars 05/12 and 17/12.

A “**US Voyage**” is defined in the 2012 Pooling Agreement (Appendix VI) as;

“A voyage by a tanker involving the loading or discharging of oil as cargo at one or more port or ports or location or locations in the USA or in the exclusive economic zone (as defined in the OPA)”.

A “**LOOP voyage**” is defined in the 2012 Pooling Agreement (Appendix VI) as;

"a US voyage involving loading or discharging solely at LOOP or loading or lightening solely in areas (other than ports) designated and approved for the purpose by the US Coast Guard".

Appendix VII Schedule 2 para 1.4 provides that the Voyage Premium for a LOOP Voyage shall be calculated at one half of the rate for a non-LOOP Voyage.

See attached Circulars 05/12 and 17/12 for further guidance in regard to US Coast Guard designated and approved loading and lightening areas in addition to LOOP.



JANUARY 20, 2012

CIRCULAR NO. 05/12

TO MEMBERS OF THE ASSOCIATION

Dear Member:

US VOYAGES – CARRIAGE OF PERSISTENT OIL: APPLICATION OF 50% REBATE ON VOYAGE PREMIUM

Reference is made to Circular No. 03/12 of January 13, 2012 concerning, inter alia, voyage surcharges for US trading tankers for the forthcoming policy year. Members are asked to refer to the quarterly declaration forms attached to that Circular and the Annex to it.

In elaboration thereon, and for the avoidance of doubt, Members are reminded of the requirement to disclose to the Club on a quarterly basis any US voyages involving tank vessels together with the nature and, in the case of cargoes of persistent oil, the quantity of the cargo carried on each such US voyage, for the purposes of the additional premium system for tankers carrying persistent oil to or from the United States.

Members are requested to note that the voyage premium for voyages involving the loading or discharging of persistent oil as cargo solely at the Louisiana Offshore Oil Port (LOOP) or at one of the areas (other than ports) designated and approved for the purpose by the US Coast Guard, as outlined below, shall be calculated at one half of the normal rate for voyages involving loading or discharging at one or more port or ports or location or locations elsewhere in the US or the US exclusive economic zone.

The following four areas with their co-ordinates have been designated and approved to date for this purpose by the US Coast Guard at the federal level:

(1) Southtex—lightering zone.

Latitude N. Longitude W.

27°40'00", 93°00'00", thence to

27°40'00", 94°35'00", thence to

28°06'30", 94°35'00", thence to

27°21'00", 96°00'00", thence to

26°30'00", 96°00'00", thence to

26°30'00", 93°00'00", and thence to the point of beginning.

(2) Gulfmex No. 2—lightering zone.

Latitude N. Longitude W.

27°53'00", 89°00'00", thence to

27°53'00", 91°30'00", thence to

26°30'00", 91°30'00", thence to

26°30'00", 89°00'00", and thence to the point of beginning.

(3) Offshore Pascagoula No. 2— lightering zone:

Latitude N. Longitude W.

29°20'00", 87°00'00", thence to

29°12'00", 87°45'00", thence to

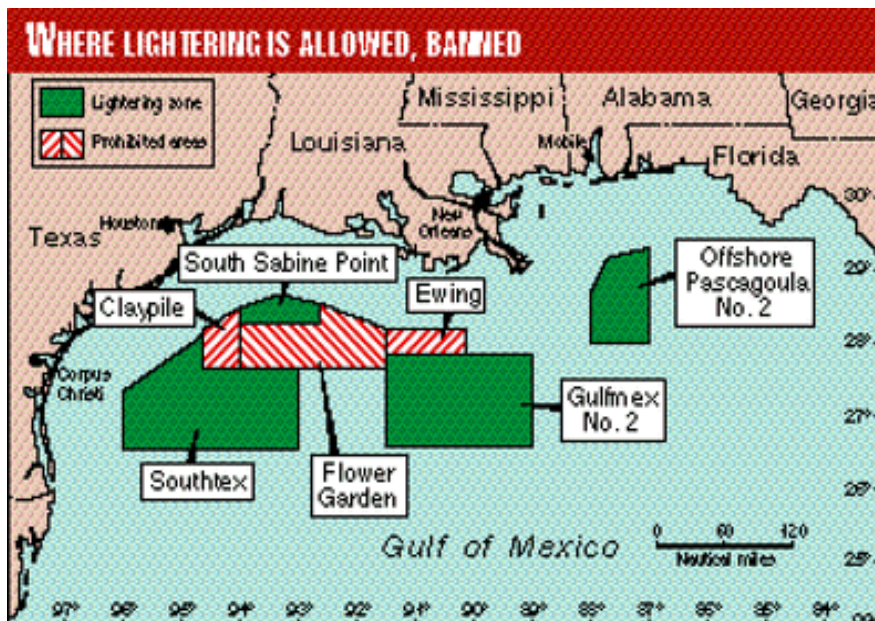
28°39'00", 88°00'00", thence to
28°00'00", 88°00'00", thence to
28°00'00", 87°00'00", and thence to the point of beginning.

(4) South Sabine Point—lightering zone:

Latitude N. Longitude W.

28°30'00", 92°38'00", thence to
28°44'00", 93°24'00", thence to
28°33'00", 94°00'00", thence to
28°18'00", 94°00'00", thence to
28°18'00", 92°38'00", and thence to the point of beginning.

The following map, which, as is the case of the above coordinates, was contained in the Annex to Circular No. 03/12, indicates where these areas are located and the adjacent zones where lightering is prohibited:



Members are reminded that the reduction in the voyage premium applies to US voyages involving the loading or discharging of persistent oil as cargo solely at LOOP or one of the four designated areas (which are all situated at least sixty miles from the US coastline).

Members should note that lightering may be permitted in other areas on a local basis by the Captain of the Port, but only the above mentioned areas are actually approved and designated by the US Coast Guard at the federal level and apply with LOOP for the purposes of the reduction in the voyage premium.

Yours faithfully,


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

All Clubs in the International Group have issued similar circulars.



JUNE 15, 2012

CIRCULAR NO. 17/12

TO MEMBERS OF THE ASSOCIATION

Dear Member:

LOUISIANA OFFSHORE OIL PORT (LOOP)

Members are referred to Circular No. 03/12 of January 13, 2012 in regard to the voyage premium for voyages involving the loading or discharging of persistent oil as cargo in the US, and the application of the 50% rebate on such voyage premium.

A further review has been undertaken of the areas approved by the US Coast Guard (USCG) for use in loading or lightening operations outside both the Louisiana Offshore Oil Port (LOOP) and the four additional areas designated and approved for this purpose by the USCG, as outlined in the previous Circular.

Following this review, Members are advised that a 50% rebate on voyage premium rates for voyages involving the loading or lightening of persistent oil as cargo in the US, in areas other than ports, will be applied in areas approved for the purpose of such loading or lightening by the US Coast Guard on the same basis as that which obtained prior to the above-mentioned Circular of January 2012.

Yours faithfully,

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

All Clubs in the International Group have issued similar Circulars.



VOYAGE SURCHARGES FOR US TRADING TANKERS

FIRST QUARTER 2013 POLICY YEAR

US Voyage Quarterly Declaration Form

Oil Cargo/Persistent/Non-Persistent Quarterly Declaration Form

Period: February 20, 2013 to May 20, 2013. To be returned to the Club by July 20, 2013

Member: _____ **Name of Vessel:** _____

Type of Vessel: Non-SBT Tanker SBT Tanker OBO/OO (Please check)

We hereby certify that the vessel during the period as set out about did: (Please check)

A. OBO's and OO's only	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
B. All Tankers	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
C. All Tankers	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date loading commenced	Port of loading Name of Port, LOOP or offshore	Date discharge completed	Port of discharge Name of Port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed by authorized signatory of Member: _____ **Date:** _____

All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 03/13 of January 11, 2013.



VOYAGE SURCHARGES FOR US TRADING TANKERS

SECOND QUARTER 2013 POLICY YEAR

US Voyage Quarterly Declaration Form

Oil Cargo/Persistent/Non-Persistent Quarterly Declaration Form

Period: May 20, 2013 to August 20, 2013. To be returned to the Club by October 20, 2013.

Member: _____ **Name of Vessel:** _____

Type of Vessel: Non-SBT Tanker SBT Tanker OBO/OO (Please check)

We hereby certify that the vessel during the period as set out about did: (Please check)

A. OBO's and OO's only	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
B. All Tankers	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
C. All Tankers	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date loading commenced	Port of loading Name of Port, LOOP or offshore	Date discharge completed	Port of discharge Name of Port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed by authorized signatory of Member: _____ **Date:** _____

All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 03/13 of January 11, 2013.



VOYAGE SURCHARGES FOR US TRADING TANKERS

THIRD QUARTER 2013 POLICY YEAR

US Voyage Quarterly Declaration Form

Oil Cargo/Persistent/Non-Persistent Quarterly Declaration Form

Period: August 20, 2013 to November 20, 2013. To be returned to the Club by January 20, 2014.

Member: _____ **Name of Vessel:** _____

Type of Vessel: Non-SBT Tanker SBT Tanker OBO/OO (Please check)

We hereby certify that the vessel during the period as set out about did: (Please check)

A. OBO's and OO's only	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
B. All Tankers	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
C. All Tankers	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date loading commenced	Port of loading Name of Port, LOOP or offshore	Date discharge completed	Port of discharge Name of Port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed by authorized signatory of Member: _____ **Date:** _____

All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 03/13 of January 11, 2013.



**VOYAGE SURCHARGES FOR US TRADING TANKERS
FOURTH QUARTER 2013 POLICY YEAR**

US Voyage Quarterly Declaration Form
Oil Cargo/Persistent/Non-Persistent Quarterly Declaration Form
Period: November 20, 2013 to February 20, 2014. To be returned to the Club by April 20, 2014.

Member: _____ **Name of Vessel:** _____

Type of Vessel: Non-SBT Tanker SBT Tanker OBO/OO (Please check)

We hereby certify that the vessel during the period as set out about did: (Please check)

A. OBO's and OO's only	not carry any cargo of oil: (please sign and return this form) <input type="checkbox"/>	carry oil as cargo: (proceed to B) <input type="checkbox"/>
B. All Tankers	not carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>	carry persistent oil as cargo: (proceed to C) <input type="checkbox"/>
C. All Tankers	not make any voyages to and/or from the USA or US EEZ: <input type="checkbox"/> (please sign and return this form)	make voyages to the USA and/or US EEZ: <input type="checkbox"/> (specify in the table below)

Voyage to US and/or US EEZ	Date loading commenced	Port of loading Name of Port, LOOP or offshore	Date discharge completed	Port of discharge Name of Port LOOP or offshore	Type of cargo Please state: "Persistent", "Non-Persistent", "Chemical" or "Other". If "Non-Persistent" please specify cargo
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed by authorized signatory of Member: _____ **Date:** _____

All tanker Members have to complete this form. "SBT", "Persistent" and "Non-Persistent" are defined in Circular 03/13 of January 11, 2013.